

CITY OF GOODVIEW, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

Prepared by:
Finance Administration Department
Dan Matejka
Administrator

CITY OF GOODVIEW, MINNESOTA

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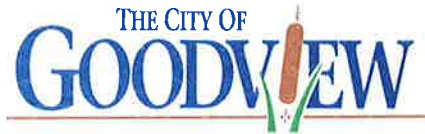
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CITY OF GOODVIEW, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2020



4140 FIFTH STREET
GOODVIEW, MN 55987

507/452-1630 • FAX 507/452-2174

June 23, 2021

To the City Council and Citizens of the City of Goodview:

Minnesota statutes require all cities to issue an annual report on their financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Goodview for the fiscal year ended December 31, 2020.

This report consists of management's representations concerning the finances of the City of Goodview. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Goodview has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Goodview's financial statements in conformity with GAAP. Because the benefit of internal controls should outweigh their costs, the City of Goodview's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Goodview's financial statements have been audited by Hawkins Ash CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Goodview for the fiscal year ended December 31, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Goodview's financial statements for the fiscal year ended December 31, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Goodview's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Goodview was incorporated in 1946 and is located in the Mississippi River Valley between the Minnesota and Wisconsin picturesque bluff lands in southeastern Minnesota, adjacent to its' larger neighbor, Winona. The City currently covers 3.2 square miles and serves a population in excess of 4,000 (2010 Census).

The City is operated as a statutory city with a weak mayor-council form of government. Policy making and city legislative authority are vested with the City Council consisting of the mayor and four council members. The City is empowered to levy a property tax on both real and personal property. The City Council is responsible for adopting an annual budget and tax levy, adopting ordinances, appointing committees, hiring the City Administrator and City Attorney, among other tasks. Council members serve four year staggered terms with two council members elected every two years along with the mayor whose term is two years. Council members and the mayor are elected at large. The City Administrator is responsible for carrying out the policies of the City Council and the oversight of all services provided by the City for its residents and maintaining internal control.

The City of Goodview provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; water and sewer services; recreational activities; and parks.

The annual budget serves as the foundation for the City of Goodview's financial planning and control. All departments and agencies of the City of Goodview submit requests for appropriation to the City Administrator in July of each year. The City Administrator uses these requests as the starting point for developing a proposed budget. After review, the City Administrator presents a preliminary budget to the City Council before August 31st. After the City Council's review and additions or deletions, a preliminary property tax levy must be set prior to September 30th and certified to the County Auditor who sends out a hearing notice on the proposed levy. The hearing is held in December after which a final levy is adopted. The appropriated budget is prepared by fund, function (e.g. public safety) and department (e.g. police). Appropriations may be adjusted within the department or function with the approval of the City Administrator and City Council. Budget-to-actual comparisons are provided in this report for the general fund and debt service fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Goodview operates.

Local Economy

Because of its proximity to the City of Winona, the City of Goodview benefits from the employment opportunities offered in the regional economy. However, a number of major industries call Goodview home. These major industries include a design, testing and electronic component manufacturer, automotive engine rebuilding equipment manufacturer, composite raw material manufacturer, heat, light and power company, garment manufacturer, tire retreading plant, formed wire parts designer and manufacturer, truck leasing and freight haulers, lighting designers and manufacturers, underground and building contractors, and building material manufacturers and distributors.

In 2020, the City issued 28 more building permits than it did in 2019; 135 in 2020 compared to 107 in 2019. However, those 135 permits only totaled about \$1.2M, a nearly 66% decrease over the amount in 2019 of \$5.7M. The two categories that saw the largest decreases from 2019 were the Industrial/Commercial Improvements, and the New Home Construction areas where they decreased \$2.5M and \$1.6M, respectively. In fact, the latter category, only had three permits issued for \$731,000 in 2020, compared to the 11 for \$2.3M in 2019. The City did see a significant increase in Residential Improvements permit values as it went from about \$491,000 in 2019 to \$844,500 in 2020. The City's total taxable market value increased nicely in 2020 with a 3.282% jump from 2019. This is the fourth year out of the last five that this figure has increased by more than 3.2% from the previous year. In total, the total taxable market value for the City has risen from the approximate \$233M in 2013 to just shy of \$290M in 2020. This is definitely viewed by the City as a positive indicator that property market values are at least staying steady, which is only helping enhance the City's economic growth. The retail economy in the adjacent urban area continued to stay stable over the past 12 months, and continues to provide a variety of available goods and services within easy access of all area residents. The City is hoping that the impacts of the Coronavirus pandemic are not too damaging to the area's economy, but only time will tell.

The Winona County unemployment rate, which saw a high point of 7.3% in May of 2020 due to the Coronavirus pandemic, finished the year at 3.5%, a slight increase of .6% from December of 2019. However, the County still has a lower rate than both the entire State and the nation as a whole, which finished 2020 with rates of 4.9%, and 6.5%, respectively.

The City is largely developed within its current borders, however, a number of opportunities exist beyond its borders to annex both developed and undeveloped lands. Adjacent developed lands do not have municipal utilities and thus the need for them will occur as evidenced by recent years' annexation of a number of lands. Typically undeveloped landowners request City water and sewer under a prerequisite that the land must be annexed to the City.

Long-Term Financial Planning

City's Financial Policies:

General Fund Unassigned Fund Balance: The City's Unassigned Fund Balance saw a significant increase of approximately \$292,000 in 2020. Approximately \$90,000 of this favorable increase was due to the ability to use the Coronavirus Aid Relief and Economic Security Act (CARES) funds the City received for expenditures the City originally budgeted for in 2020 (i.e.; salaries). But the clear majority of this increase was a result of the City's conservative budgeting strategy and prudent spending habits. The ending balance of \$1,331,472 is right in line with the City's Fund Balance Policy, which states the Unassigned Fund Balance dollar amount should not be greater than 55% of the total General Fund expenditures, as it calculates to 51%. The current balance of roughly \$1.3M is about six months of General Fund Expenditures. This healthy balance allows the City to potentially purchase certain pieces of equipment and/or vehicles, or do a project without increasing the levy or the need to find outside financing. This figure continues to allow the City to provide the services its taxpayers have come to expect without raising property taxes drastically.

Capital Improvement Plan: Although the City did not have a formal Capital Improvement Plan for 2020, it still continued with the basic concepts of such a plan by exploring the needs of each individual department within the City. This analysis included discussing all aspects of Capital planning from the different types of assets needed, to researching the possible avenues of funding to obtain those assets. A few examples of this process involved the replacement of a number of air packs for the Fire Department, the replacement of a squad for the Police Department, two pickup trucks for the Street Department, and the upgrading of the City's utility computer SCADA system. The list also included funds for road repairs, and the refurbishing of a basketball court in Memorial Park.

Projects: In 2020, the City continued to reline all of the City's sewer lines. This is a project that has run for ten straight years. Over the course of that time the City has invested nearly \$884,000 in this project including \$66,100 in 2020. The entire project is estimated to be completed by the end of 2021, at a total cost of approximately \$1 million. The City continues to explore for potential funding sources (i.e.; grants, etc.), but to date all dollars spent on this project has been financed through the Sewer Fund budget. The City also completed a joint road and utility improvement project with Winona County in 2020 at a cost to the City of \$359,000. This project was funded, along with six other projects of varying sizes, through a 2018 bond issuance of just over \$1.6M.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Goodview for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2019. This is the thirteenth straight year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City needs to publish an easily readable and efficiently organized CAFR which conforms to program standards. The report satisfies both accounting principles generally accepted in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

I would like to express my appreciation to the entire staff that contributed to the preparation of this report, specifically the members of the Finance Department. Thank you also to the City's Mayor and entire Council for their leadership and unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectively submitted,

Daniel J. Matejka

City Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Goodview
Minnesota**

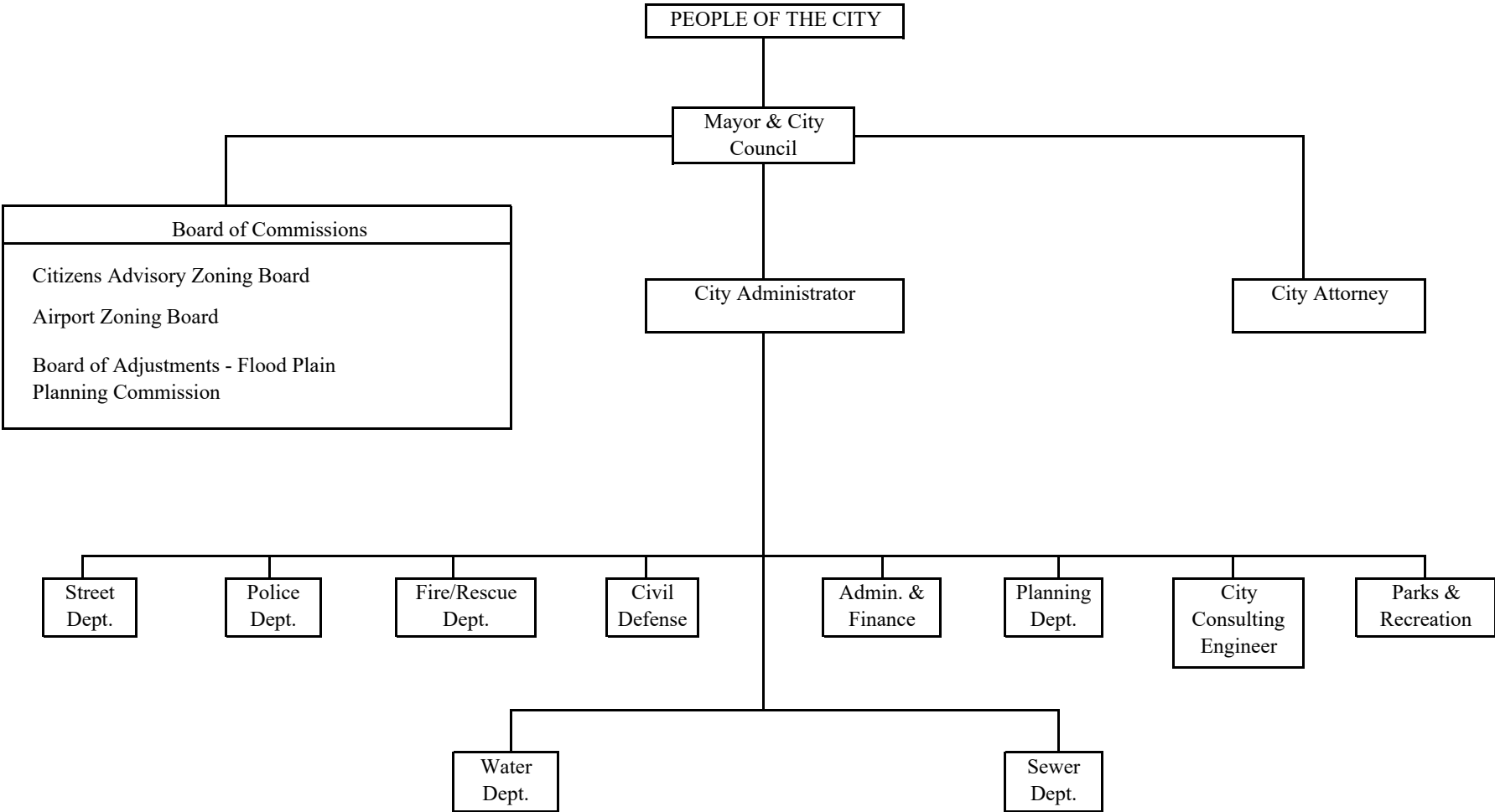
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director CEO

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



CITY OF GOODVIEW, MINNESOTA
PRINCIPAL OFFICERS
MAYOR-COUNCIL

Steve Baumgart
Ben Klinger
Richard Ledebuhr
Jack Looman
Charlie Andring

Mayor
Council member
Council member
Council member
Council member

Dan Matejka
Denise Herber
Bridget Papenfuss
Kristin Kreckow

Administrator
Senior accountant
Accounting clerk
General services clerk

CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2020



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Goodview, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Goodview, Minnesota (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodview, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 21 and the budgetary comparison information, schedules of proportionate share of pension liability and contributions, schedules of changes in net pension liability and contributions, and schedules of changes in net OPEB liability and contributions on pages 57 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodview, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, on our consideration of the City of Goodview, Minnesota 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Goodview, Minnesota's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 23, 2021

CITY OF GOODVIEW, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020



4140 FIFTH STREET
GOODVIEW, MN 55987

507/452-1630 • FAX 507/452-2174

Management's Discussion and Analysis

As management of the City of Goodview, we offer readers of the City of Goodview's basic financial statements this narrative overview and analysis of the financial activities of the City of Goodview for the year ended December 31, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

Financial Highlights

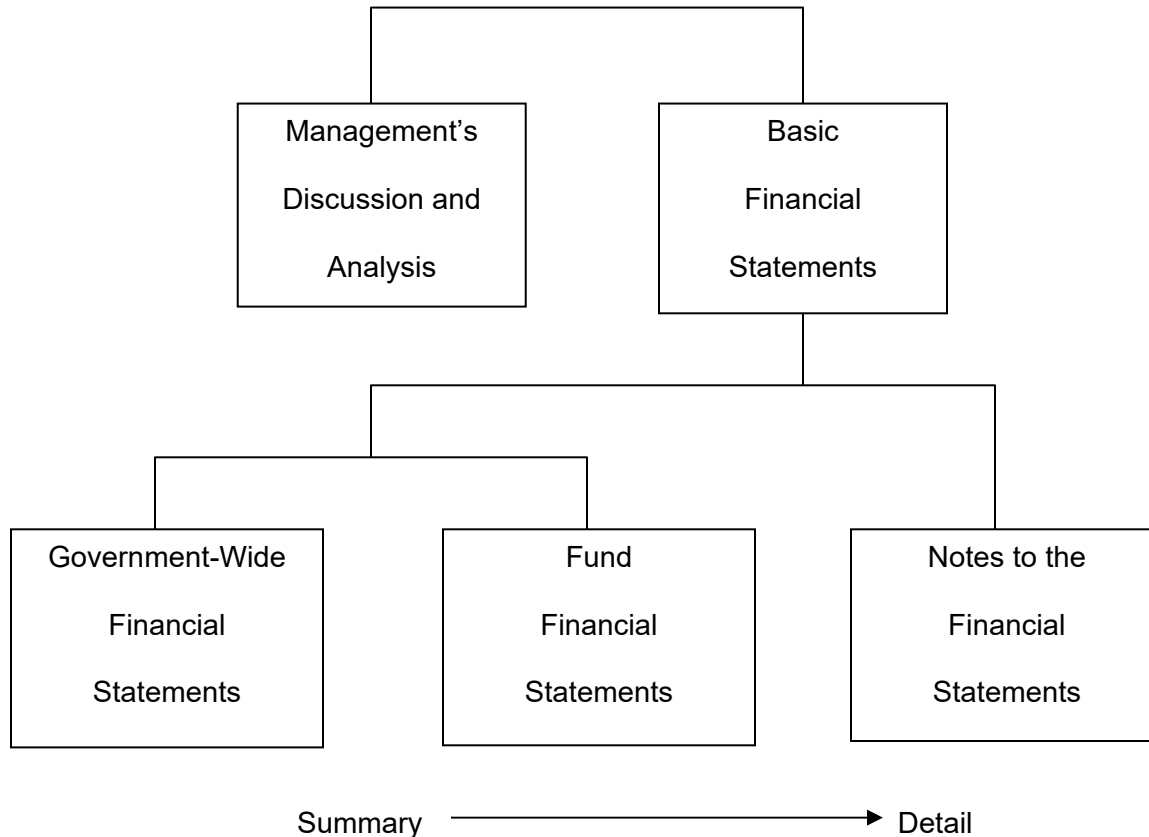
- The assets and deferred outflows of resources of the City of Goodview exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,604,671 (net position).
- The government's total net position increased by \$675,780, due to increases in the governmental and business-type activities net position.
- As of the close of the current fiscal year, the City of Goodview's governmental funds reported total ending fund balances of \$3,178,215 a decrease of \$267,850 in comparison with the prior year. Approximately 42 percent of this total amount, or \$1,331,472, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,331,472, or 51 percent of total general fund expenditures for the fiscal year.
- The City of Goodview's total debt decreased by \$533,000 (11%) during the current fiscal year. The key factor in this decrease was the payment of principal.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Goodview's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Goodview.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the Minnesota State Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Goodview.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Goodview, like all other governmental entities in Minnesota, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Minnesota Statutes or the City's budget ordinance. All of the funds of the City of Goodview can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Goodview adopts an annual budget for its general fund, as required by the State of Minnesota Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the general fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the general fund; and 4) the variance between the final budget and the actual revenues and expenditures.

Proprietary Funds - The City of Goodview has two proprietary funds. A *proprietary fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Goodview uses proprietary funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the statement of net position and the statement of activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be referred to as identified in the table of contents.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Goodview. Required supplementary information can be referred to as identified in the table of contents.

Government-Wide Financial Analysis

**City of Goodview
Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,691,601	\$ 4,004,547	\$ 1,870,222	\$ 1,600,932	\$ 5,561,823	\$ 5,605,479
Capital assets	10,188,800	10,129,502	14,061,642	13,956,542	24,250,442	24,086,044
Total assets	<u>13,880,401</u>	<u>14,134,049</u>	<u>15,931,864</u>	<u>15,557,474</u>	<u>29,812,265</u>	<u>29,691,523</u>
Deferred outflows of resources	<u>322,965</u>	<u>96,008</u>	<u>20,803</u>	<u>21,063</u>	<u>343,768</u>	<u>117,071</u>
Long-term liabilities						
outstanding	3,528,997	3,725,264	2,385,723	2,563,356	5,914,720	6,288,620
Other liabilities	<u>91,088</u>	<u>98,890</u>	<u>127,550</u>	<u>116,057</u>	<u>218,638</u>	<u>214,947</u>
Total liabilities	<u>3,620,085</u>	<u>3,824,154</u>	<u>2,513,273</u>	<u>2,679,413</u>	<u>6,133,358</u>	<u>6,503,567</u>
Deferred inflows of resources	<u>406,117</u>	<u>331,873</u>	<u>11,887</u>	<u>44,263</u>	<u>418,004</u>	<u>376,136</u>
Net position:						
Net investment in capital assets	7,707,457	7,930,558	12,050,710	11,722,611	19,758,167	19,653,169
Restricted	1,646,911	1,303,282	-	-	1,646,911	1,303,282
Unrestricted	<u>822,796</u>	<u>840,190</u>	<u>1,376,797</u>	<u>1,132,250</u>	<u>2,199,593</u>	<u>1,972,440</u>
Total net position	<u>\$ 10,177,164</u>	<u>\$ 10,074,030</u>	<u>\$ 13,427,507</u>	<u>\$ 12,854,861</u>	<u>\$ 23,604,671</u>	<u>\$ 22,928,891</u>

Note - totals may not add due to rounding.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Goodview exceeded liabilities by \$23,604,671 as of December 31, 2020. The City's net position increased by \$675,780 for the fiscal year ended December 31, 2020. However, the largest portion (84%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, equipment and infrastructure), less any related debt still outstanding that was issued to acquire those items.

The City of Goodview uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,199,593 is unrestricted.

City of Goodview
Changes in Net Position
 Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 38,455	\$ 86,676	\$ 1,535,978	\$ 1,496,647	\$ 1,574,433	\$ 1,583,323
Operating grants and contributions	459,169	150,874	-	-	459,169	150,874
Capital grants and contributions	29,800	38,496	-	-	29,800	38,496
General revenues:						
Property taxes	1,548,880	1,579,807	-	-	1,548,880	1,579,807
Other taxes	209,817	211,422	-	-	209,817	211,422
Intergovernmental revenues not restricted to specific programs	688,905	316,990	-	-	688,905	316,990
Interest and investment income	38,437	57,398	11,335	18,471	49,772	75,869
Miscellaneous	34,969	42,892	32,132	-	67,101	42,892
Total revenues	3,048,432	2,484,555	1,579,445	1,515,118	4,627,877	3,999,673
Expenses:						
General government	703,088	523,689	-	-	703,088	523,689
Public safety	1,016,924	1,013,528	-	-	1,016,924	1,013,528
Public works	631,679	675,914	-	-	631,679	675,914
Health and human services	-	1,551	-	-	-	1,551
Economic development	15,678	6,678	-	-	15,678	6,678
Culture, recreation and education	121,899	74,774	-	-	121,899	74,774
Interest and fiscal charges	82,165	71,445	-	-	82,165	71,445
Water and sewer	-	-	1,380,664	1,408,463	1,380,664	1,408,463
Total expenses	2,571,433	2,367,579	1,380,664	1,408,463	3,952,097	3,776,042
Income (loss) before transfers and extraordinary items	476,999	116,976	198,781	106,655	675,780	223,631
Transfers	(373,865)	-	373,865	-	-	-
Change in net position	103,134	116,976	572,646	106,655	675,780	223,631
Net position - beginning of year	10,074,030	9,957,054	12,854,861	12,748,206	22,928,891	22,705,260
Net position - end of year	<u>\$ 10,177,164</u>	<u>\$ 10,074,030</u>	<u>\$ 13,427,507</u>	<u>\$ 12,854,861</u>	<u>\$ 23,604,671</u>	<u>\$ 22,928,891</u>

Note - totals may not add due to rounding.

Governmental activities:

Governmental activities increased the City's net position by \$103,134. In the prior year, the governmental activities increased the City's net position by \$116,976. Although the increase in net position was similar for both years, total revenue increased by \$563,877 and total expenses (included transfers out) increased by \$577,719. The increase in revenue was largely due to additional state and federal grants/assistance received in the current year. The increase in expenses was related to projects funded by the additional state and federal revenue. The increase in transfers out was due to the governmental activities contributing capital assets to the business-type activities.

Business-type activities:

Business-type activities increased the City's net position by \$572,646. In the prior year, the business-type activities increased the City's net position by \$106,655. The increase is largely due to a transfer in from the governmental activities for capital asset contributions.

Financial Analysis of the City's Funds

As noted earlier, the City of Goodview uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Goodview's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Goodview's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Goodview. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,331,472, while total fund balance reached \$1,484,176. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51 percent of total general fund expenditures, while total fund balance represents 56 percent of that same amount.

At December 31, 2020, the governmental funds of City of Goodview reported a combined fund balance of \$3,178,215, an 8 percent decrease from last year. Included in this change in fund balance are decreases in fund balance in the general and capital and an increase in other governmental funds.

General Fund Budgetary Highlights: The City revised the budget during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

There were a few significant budget-to-actual variances for the year ended December 31, 2020. The revenue side of the ledger had three areas that had notable variances. The first one was under Property Taxes where the City received about \$20,000 less than expected, which is being chalked up to the economy as a whole because of the Coronavirus pandemic. The second variance was in the Donations category which was a result of the City's practice not to budget for any donations unless that donation has already been pledged at budget time. Obviously, this practice always results in a positive variance on the revenue side and a negative variance on the expenditure side, which it did this year to the tune of \$33,885 and \$21,610, respectively. The one major positive variance between budget and actual on the revenue side was in the Other State Aid category. This variance of nearly \$671,000 came to be because of three things. The first \$312,000 was MN State Bonding Funds the City received for a railroad Quiet Zone project, while another \$314,000 was received by the City as part of the Coronavirus Aid Relief and Economic Security Act (CARES) funds. Finally, the City received a \$30,000 grant from the MN Statewide Health Improvement Partnership to be applied to a Comprehensive Plan project. As for the variances between actual and budget figures for expenditures, there were three categories that closed with significant positive variances. These included in the Law Enforcement category where changes to staffing resulted in less than expected costs for salaries and benefits. Also, both the Fire Protection and Highways & Streets categories saw positive variances due to lesser amounts being spent on vehicle/equipment repairs than anticipated, and lower gas & oil prices. There were several areas that saw negative variances. Both the Other General Government and the General Government Capital Outlay categories each had expenditures using the CARES Act funds described in the revenue section above which obviously wasn't planned for. While two other Capital Outlay categories (Fire Protection and Highway & Streets) also had negative variances. The former was due to the purchase of almost two dozen new air packs that were budgeted for in both 2019 and 2020, with the actual purchase occurring in 2020, while the latter category was the expenditure side of the State Bond dollars the City received for the Quiet Zone project once again referenced in the revenue section above.

Proprietary Funds: The City of Goodview's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the water and sewer utility at the end of the fiscal year amounted to \$1,382,489. The total growth in net position was \$578,338.

Capital Asset and Debt Administration

Capital Assets: The City of Goodview's investment in capital assets for its governmental and business-type activities as of December 31, 2020, totals \$24,250,442 (net of accumulated depreciation). These assets include land, land improvements, buildings, equipment, and infrastructure.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Equipment purchases of \$316,498 in governmental-type activities.
- Infrastructure additions of \$338,657 in business-type activities.

City of Goodview's Capital Assets
Figure 4

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 947,399	\$ 947,399	\$ 62,689	\$ 62,689	\$ 1,010,088	\$ 1,010,088
Construction in progress	385,209	197,838	-	-	385,209	197,838
Land improvements	964,586	964,586	-	-	964,586	964,586
Buildings	1,904,889	1,904,889	3,627,153	3,627,153	5,532,042	5,532,042
Equipment and systems	2,592,943	2,317,296	1,856,969	1,874,201	4,449,912	4,191,497
Infrastructure	10,726,614	10,709,206	13,775,003	13,323,336	24,501,617	24,032,542
Less: accumulated depreciation	<u>(7,332,840)</u>	<u>(6,911,711)</u>	<u>(5,260,172)</u>	<u>(4,930,837)</u>	<u>(12,593,012)</u>	<u>(11,842,548)</u>
Total	<u>\$ 10,188,800</u>	<u>\$ 10,129,503</u>	<u>\$ 14,061,642</u>	<u>\$ 13,956,542</u>	<u>\$ 24,250,442</u>	<u>\$ 24,086,045</u>

Note - totals may not add due to rounding.

Additional information on the City's capital assets can be found in the notes of the basic financial statements.

Long-Term Obligations: As of December 31, 2020, the City of Goodview had total long-term obligations outstanding of \$5,921,106. Of this, \$4,470,932 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents capital leases, net pension liabilities, compensated absences, and other post-employment benefits.

City of Goodview's Long-Term Obligations
Figure 5

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 1,341,343	\$ 1,489,356	\$ -	\$ -	\$ 1,341,343	\$ 1,489,356
Special assessment bonds	1,140,000	1,298,710	-	-	1,140,000	1,298,710
General obligation water bonds	-	-	2,010,932	2,233,932	2,010,932	2,233,932
Net pension liability	838,292	698,665	272,039	237,542	1,110,331	936,207
Other long-term obligations	<u>209,362</u>	<u>238,533</u>	<u>102,752</u>	<u>91,882</u>	<u>312,114</u>	<u>330,415</u>
Total	<u>\$ 3,528,997</u>	<u>\$ 3,725,264</u>	<u>\$ 2,385,723</u>	<u>\$ 2,563,356</u>	<u>\$ 5,914,720</u>	<u>\$ 6,288,620</u>

Note - totals may not add due to rounding.

The City of Goodview's total debt decreased by \$533,000 or 11% during the past fiscal year, primarily due to principal payments.

The State of Minnesota statutes limit the amount of general obligation debt that a unit of government can issue up to 3% of the total market value of taxable property located within that government's boundaries. The legal debt limit for City of Goodview is \$8,683,452.

Additional information regarding the City of Goodview's long-term debt can be found in the notes of the basic financial statements.

Factors Bearing on the City's Future

The 2021 General Fund expenditure budget is \$2,004,572, which is a \$177,953, or an 8.2% decrease from the 2020 budget. This decrease in the budget was partly due to the fact the City built in a planned reduction of \$50,000 on the revenue side in Local Government Aid based on what was known about the State's economy at the time. On the expenditure side the major area of budget reductions came in the Public Safety category where the Police Department reduced their part-time salaries and benefits by about \$45,300, along with an approximate \$45,000 reduction in health insurance costs - both the result of staffing philosophies and changes. In the Fire Department their budget decreased about \$71,000 because of a major budgeted expenditure in 2020 that obviously wasn't there in 2021. Finally, even though the City increased its property tax levy in 2021 by approximately \$20,000, its property tax rate decreased about .8% to 43.393% from 44.189% in 2020. This was accomplished by the City's taxable market values once again increasing from the previous year. As in the past, this almost non-existent tax increase was done by design as the City hopes to continue to decrease the impact of taxes on its taxpayers.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the City Administrator, City of Goodview, 4140 5th Street, Goodview, Minnesota 55987.

CITY OF GOODVIEW, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

CITY OF GOODVIEW, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2020

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
ASSETS			
Cash and cash equivalents	\$ 2,050,137	\$ 1,263,275	\$ 3,313,412
Investments	1,078,816	384,000	1,462,816
Receivables			
Taxes	41,307	-	41,307
Accounts, net	55,967	201,577	257,544
Special assessments	309,820	-	309,820
Internal balances	(13,658)	13,658	-
Due from other governments	37,500	-	37,500
Prepaid items	13,250	7,712	20,962
Restricted assets			
Net pension assets	118,462	-	118,462
Capital assets not being depreciated			
Land	947,399	62,689	1,010,088
Construction in progress	385,209	-	385,209
Capital assets (net of accumulated depreciation)			
Buildings	943,555	2,518,646	3,462,201
Improvements other than buildings	359,415	-	359,415
Machinery and equipment	835,278	1,011,480	1,846,758
Infrastructure	6,717,944	10,468,827	17,186,771
TOTAL ASSETS	13,880,401	15,931,864	29,812,265
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	322,965	20,803	343,768
	<u>\$ 14,203,366</u>	<u>\$ 15,952,667</u>	<u>\$30,156,033</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 58,796	\$ 109,724	\$ 168,520
Customer deposits	3,000	-	3,000
Accrued interest payable	28,793	17,609	46,402
Accrued liabilities - other	427	177	604
Due to other governments	72	40	112
Noncurrent liabilities			
Due within one year	397,441	262,682	660,123
Due in more than one year	3,131,556	2,123,041	5,254,597
TOTAL LIABILITIES	3,620,085	2,513,273	6,133,358
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	406,117	11,887	418,004
NET POSITION			
Net investment in capital assets	7,707,457	12,050,710	19,758,167
Restricted for			
General	45,573	-	45,573
Debt service	736,720	-	736,720
Capital projects	746,156	-	746,156
Net pension	118,462	-	118,462
Unrestricted	822,796	1,376,797	2,199,593
TOTAL NET POSITION	10,177,164	13,427,507	23,604,671
	<u>\$ 14,203,366</u>	<u>\$ 15,952,667</u>	<u>\$30,156,033</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/ PROGRAMS	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 703,088	\$ 8,865	\$ 35,277	\$ -	\$ (658,946)	\$ -	\$ (658,946)
Public safety	1,016,924	9,605	106,668	-	(900,651)	-	(900,651)
Public works	631,679	19,985	311,940	-	(299,754)	-	(299,754)
Economic development	15,678	-	-	-	(15,678)	-	(15,678)
Culture and recreation	121,899	-	5,284	29,800	(86,815)	-	(86,815)
Interest and fiscal charges	82,165	-	-	-	(82,165)	-	(82,165)
Total Governmental Activities	<u>2,571,433</u>	<u>38,455</u>	<u>459,169</u>	<u>29,800</u>	<u>(2,044,009)</u>	<u>-</u>	<u>(2,044,009)</u>
BUSINESS-TYPE ACTIVITIES							
Water	637,532	755,482	-	-	-	117,950	117,950
Sewer	743,132	780,496	-	-	-	37,364	37,364
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,380,664</u>	<u>1,535,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,314</u>	<u>155,314</u>
TOTAL	<u>\$ 3,952,097</u>	<u>\$ 1,574,433</u>	<u>\$ 459,169</u>	<u>\$ 29,800</u>	<u>(2,044,009)</u>	<u>155,314</u>	<u>(1,888,695)</u>
GENERAL REVENUE							
Taxes							
Property taxes							
					1,548,880	-	1,548,880
Franchise taxes							
					209,817	-	209,817
Intergovernmental revenue not restricted to specific programs							
					688,905	-	688,905
Unrestricted investment earnings							
					38,437	11,335	49,772
Miscellaneous							
					34,969	32,132	67,101
Transfers							
					(373,865)	373,865	-
TOTAL GENERAL REVENUE AND TRANSFERS							
					<u>2,147,143</u>	<u>417,332</u>	<u>2,564,475</u>
CHANGE IN NET POSITION							
					103,134	572,646	675,780
NET POSITION AT BEGINNING OF YEAR							
					<u>10,074,030</u>	<u>12,854,861</u>	<u>22,928,891</u>
NET POSITION AT END OF YEAR							
					<u>\$ 10,177,164</u>	<u>\$ 13,427,507</u>	<u>\$ 23,604,671</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2020

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 566,258	\$ 729,884	\$ 543,138	\$ 210,857	\$ 2,050,137
Investments	878,816	-	200,000	-	1,078,816
Prepaid expenses	13,250	-	-	-	13,250
Receivables					
Accounts	55,967	-	-	-	55,967
Taxes	31,173	3,880	5,022	1,232	41,307
Special assessments	-	254,539	55,281	-	309,820
Due from other governments	37,500	-	-	-	37,500
Due from other funds	1,206	-	-	-	1,206
TOTAL ASSETS	<u>\$ 1,584,170</u>	<u>\$ 988,303</u>	<u>\$ 803,441</u>	<u>\$ 212,089</u>	<u>\$ 3,588,003</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 57,546	\$ -	\$ 1,250	\$ -	\$ 58,796
Accrued liabilities	499	-	-	-	499
Customer deposits	3,000	-	-	-	3,000
Due to other funds	14,864	-	-	-	14,864
TOTAL LIABILITIES	<u>75,909</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>77,159</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Property taxes and special assessments	24,085	251,583	56,035	926	332,629
FUND BALANCES					
Nonspendable	13,250	-	-	-	13,250
Restricted	45,573	736,720	746,156	-	1,528,449
Assigned	93,881	-	-	211,163	305,044
Unassigned	1,331,472	-	-	-	1,331,472
TOTAL FUND BALANCES	<u>1,484,176</u>	<u>736,720</u>	<u>746,156</u>	<u>211,163</u>	<u>3,178,215</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,584,170</u>	<u>\$ 988,303</u>	<u>\$ 803,441</u>	<u>\$ 212,089</u>	<u>\$ 3,588,003</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

Fund balances - total governmental funds \$ 3,178,215

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 10,188,800

Some revenue is unavailable in the funds because it is not available to pay current period's expenditures. 332,629

Net pension asset, deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in the fund statements. 35,310

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported in the statement of net position.

Accrued interest payable	\$ (28,793)	
Bonds and notes payable	(2,460,000)	
Premium on long-term debt	(21,343)	
Capital lease	(8,038)	
Net pension liability	(838,292)	
Compensated absences	(95,667)	
Other post-employment benefits	<u>(105,657)</u>	
		<u>(3,557,790)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 10,177,164**

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Taxes					
Property	\$ 1,173,575	\$ 137,739	\$ 197,856	\$ 50,700	\$ 1,559,870
Franchise	209,817	-	-	-	209,817
Licenses and permits	31,863	-	-	-	31,863
Intergovernmental	1,118,573	-	-	720	1,119,293
Charges for services	1,060	-	-	1,112	2,172
Fines and forfeitures	7,620	893	186	-	8,699
Special assessments	-	54,161	22,007	-	76,168
Interest	16,487	12,789	9,161	-	38,437
Donations	33,885	-	-	1,000	34,885
Miscellaneous	24,950	-	-	309	25,259
TOTAL REVENUE	<u>2,617,830</u>	<u>205,582</u>	<u>229,210</u>	<u>53,841</u>	<u>3,106,463</u>
EXPENDITURES					
Current					
General government	691,900	-	-	5,566	697,466
Public safety	944,364	-	-	-	944,364
Public works	359,467	-	-	-	359,467
Economic development	-	-	-	15,678	15,678
Culture and recreation	57,085	-	-	-	57,085
Capital outlay	570,547	-	314,000	-	884,547
Debt service					
Principal	10,414	165,000	145,000	-	320,414
Interest and other charges	449	35,621	44,358	-	80,428
TOTAL EXPENDITURES	<u>2,634,226</u>	<u>200,621</u>	<u>503,358</u>	<u>21,244</u>	<u>3,359,449</u>
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	<u>(16,396)</u>	<u>4,961</u>	<u>(274,148)</u>	<u>32,597</u>	<u>(252,986)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	2,000	2,000
Transfers (out)	(15,864)	-	-	(1,000)	(16,864)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,864)</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(14,864)</u>
NET CHANGE IN FUND BALANCES	<u>(32,260)</u>	<u>4,961</u>	<u>(274,148)</u>	<u>33,597</u>	<u>(267,850)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>1,516,436</u>	<u>731,759</u>	<u>1,020,304</u>	<u>177,566</u>	<u>3,446,065</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,484,176</u>	<u>\$ 736,720</u>	<u>\$ 746,156</u>	<u>\$ 211,163</u>	<u>\$ 3,178,215</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - governmental funds

Amounts reported for governmental activities in the statement of activities are different because: \$ (267,850)

The acquisitions of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental funds statements	\$ 884,547	
Depreciation expense reported in the statement of activities	<u>(456,148)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		428,399

The net effect of various miscellaneous transactions involving capital assets (i.e., noncapitalized outlay, contributions, and loss on disposal) is to increase net position: (369,101)

Certain revenue is unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, they are recorded as revenue in the current year.

Property taxes	\$ (12,078)	
Special assessments	<u>(81,343)</u>	(93,421)

Governmental funds report the effect of bond premiums and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

The net effect of these differences in the current year: (3,709)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year: 320,414

Net pension asset, liability, deferred inflows of resources, and deferred outflows of resources changes: 67,672

Other post employment benefit changes: 12,078

Certain employee benefits are reported in the government funds when amounts are paid.

The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by: 6,680

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest paid during the current period	\$ 70,780	
The amount of interest accrued during the current period	<u>(68,808)</u>	
Interest paid is more than interest accrued by:		<u>1,972</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 103,134

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 886,069	\$ 377,206	\$ 1,263,275
Investments	124,000	260,000	384,000
Receivables			
Accounts	89,792	111,785	201,577
Due from other funds	7,432	7,432	14,864
Prepaid items	4,602	3,110	7,712
TOTAL CURRENT ASSETS	1,111,895	759,533	1,871,428
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	3,465,550	161,603	3,627,153
Storage, distribution, and collection system	6,363,926	7,411,077	13,775,003
Machinery and equipment	1,619,312	237,657	1,856,969
TOTAL CURRENT ASSETS	11,499,322	7,822,492	19,321,814
Less accumulated depreciation	<u>(3,258,206)</u>	<u>(2,001,966)</u>	<u>(5,260,172)</u>
NET CAPITAL ASSETS	8,241,116	5,820,526	14,061,642
TOTAL ASSETS	9,353,011	6,580,059	15,933,070
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	10,402	10,401	20,803
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,363,413	\$ 6,590,460	\$ 15,953,873
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 32,389	\$ 77,025	\$ 109,414
Accrued liabilities - payroll	110	67	177
Accrued interest payable	17,609	-	17,609
Due to other governments	330	20	350
Due to other funds	604	602	1,206
Current portion of long-term debt	229,000	-	229,000
Current portion of compensated absences	16,841	16,841	33,682
TOTAL CURRENT LIABILITIES	296,883	94,555	391,438
NONCURRENT LIABILITIES			
Long-term debt	1,781,932	-	1,781,932
Compensated absences	3,449	3,449	6,898
Net pension liability	136,025	136,014	272,039
Other post employment benefits	31,086	31,086	62,172
TOTAL NONCURRENT LIABILITIES	1,952,492	170,549	2,123,041
TOTAL LIABILITIES	2,249,375	265,104	2,514,479
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	5,944	5,943	11,887
NET POSITION			
Net investment in capital assets	6,230,184	5,820,526	12,050,710
Unrestricted	877,910	498,887	1,376,797
TOTAL NET POSITION	7,108,094	6,319,413	13,427,507
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 9,363,413	\$ 6,590,460	\$ 15,953,873

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
OPERATING REVENUE			
Sales	\$ 644,854	\$ 776,399	\$ 1,421,253
Charges for services	110,628	4,097	114,725
Miscellaneous	13,344	18,788	32,132
TOTAL OPERATING REVENUE	<u>768,826</u>	<u>799,284</u>	<u>1,568,110</u>
OPERATING EXPENSES			
Salaries and benefits	200,166	200,152	400,318
Supplies and repairs	89,865	382,613	472,478
Other services and charges	24,113	1,163	25,276
Insurance	18,726	16,303	35,029
Utilities	28,503	5,913	34,416
Depreciation	220,524	136,264	356,788
TOTAL OPERATING EXPENSES	<u>581,897</u>	<u>742,408</u>	<u>1,324,305</u>
OPERATING INCOME	<u>186,929</u>	<u>56,876</u>	<u>243,805</u>
NONOPERATING REVENUE (EXPENSES)			
Investment earnings	4,193	7,142	11,335
Interest expense	(54,910)	-	(54,910)
Loss on disposal	(725)	(724)	(1,449)
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(51,442)</u>	<u>6,418</u>	<u>(45,024)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>135,487</u>	<u>63,294</u>	<u>198,781</u>
OPERATING TRANSFER IN	7,432	7,432	14,864
CAPITAL CONTRIBUTIONS	34,105	324,896	359,001
CHANGE IN NET POSITION	177,024	395,622	572,646
NET POSITION AT BEGINNING OF YEAR	<u>6,931,070</u>	<u>5,923,791</u>	<u>12,854,861</u>
NET POSITION AT END OF YEAR	<u>\$ 7,108,094</u>	<u>\$ 6,319,413</u>	<u>\$ 13,427,507</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 781,069	\$ 807,482	\$ 1,588,551
(Payments from) interfund services	(6,480)	(6,936)	(13,416)
Payments to suppliers for goods and services	(143,473)	(402,603)	(546,076)
Payments to employees for services	(200,627)	(193,465)	(394,092)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>430,489</u>	<u>204,478</u>	<u>634,967</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers	<u>7,432</u>	<u>7,432</u>	<u>14,864</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(14,677)	(89,659)	(104,336)
Principal paid on capital debt	(223,000)	-	(223,000)
Interest paid on capital debt	(58,685)	-	(58,685)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(296,362)</u>	<u>(89,659)</u>	<u>(386,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	<u>4,193</u>	<u>7,142</u>	<u>11,335</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	145,752	129,393	275,145
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>864,317</u>	<u>507,813</u>	<u>1,372,130</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,010,069</u>	<u>\$ 637,206</u>	<u>\$ 1,647,275</u>
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>			
During 2020, the capital project fund contributed \$34,105 for capital additions to the Water Utility.			
During 2020, the capital project fund contributed \$324,896 for capital additions to the Sewer Utility.			
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
Operating income	\$ 186,929	\$ 56,876	\$ 243,805
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	220,524	136,264	356,788
Changes in assets and liabilities			
Decrease (increase) in assets and deferred outflows			
Accounts receivable	12,243	8,198	20,441
Due from other funds	(7,414)	(7,432)	(14,846)
Prepaid items	(511)	(329)	(840)
Deferred pension outflows	128	132	260
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	11,153	3,785	14,938
Due to other funds	934	496	1,430
Compensated absences	2,589	2,589	5,178
Net pension liability	20,101	20,088	40,189
Deferred pension inflows	(16,187)	(16,189)	(32,376)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 430,489</u>	<u>\$ 204,478</u>	<u>\$ 634,967</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and cash equivalents	\$ 886,069	\$ 377,206	\$ 1,263,275
Investments	124,000	260,000	384,000
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,010,069</u>	<u>\$ 637,206</u>	<u>\$ 1,647,275</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of Goodview, Minnesota (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below.

Reporting Entity - The City of Goodview, Minnesota operates under "Plan A" as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The City's basic financial statements include one component unit, as defined in GASB 14 and amended by GASB 39 and GASB 61. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the City's financial accountability for a legally separate organization: the City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Blended Component Unit: The Economic Development Authority of the City of Goodview, Minnesota (the Authority) was created by the City to coordinate administer the City's economic development and redevelopment plans and programs. The Authority is governed by a five-member board with the voting majority being appointed by the Mayor. The component unit provides services entirely or almost entirely to the primary government. The Authority's financial activity is reported as a special revenue fund of the primary government and does not issue separate financial statements.

Basis of Presentation

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's proprietary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the City's primary operating fund.

Capital Project Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest payments.

The City reports the following major proprietary funds:

Water Utility - accounts for operations of the water distribution system.

Sewer Utility - accounts for operations of the sewer distribution system.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period (see Note 3 for specific property tax dates). Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash, Cash Equivalents, and Investments - Cash and cash equivalents, as classified in the statement of cash flows, consist of all highly liquid investments with an initial maturity of three months or less. Investments are reported at fair value.

Accounts Receivable - Accounts receivable have been adjusted for all uncollectible accounts. No allowance for uncollectible accounts has been recorded since management believes all accounts are collectible. Delinquent real estate taxes as of December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the water and sewer utility has the right to place delinquent bills on the tax roll.

Due To/From Advance To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance amount which indicates it is not expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond December 31.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Capital Assets - In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for machinery and equipment, \$25,000 for buildings, improvements, collection and distribution systems, and street and public infrastructure, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset for governmental and business-type activities is as follows:

Land improvements	15 - 50 years
Buildings	15 - 50 years
Machinery and equipment	3 - 20 years
Infrastructure	30 - 75 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Debt Premiums and Discounts - In the government-wide and proprietary fund financial statements, debt premiums and discounts are deferred and amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount. In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time up to 40 hours of vacation and 120 hours of compensatory time. An estimate for the liability for unpaid vacation and compensatory time benefits is prepared and accrued when incurred in government-wide and proprietary fund statements.

Sick leave can be accumulated up to a maximum of 120 days. All sick leave is cancelled when an employee leaves the employment of the City unless the employee qualifies for other post-employment benefits as more fully described in Note 9.

Pensions - For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30 (Statewide Volunteer Firefighter plan year end is December 31). For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has one item that qualifies for reporting in this category. The Public Employees Retirement Association (PERA) pensions result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has two types of items, unavailable revenue and Public Employees Retirement Association (PERA) pensions, which qualify for reporting in this category. The unavailable revenue is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period they become available. The Public Employees Retirement Association (PERA) pensions result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Claims and Judgments - They are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The City classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the City itself, using its highest level of decision making authority - City Council resolution, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body, the City Council has delegated by resolution the authority to the City Administrator to assign fund balances and 5) unassigned fund balance consists of equity available for any purpose.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

When net losses occur, it is the City's policy to record the net loss against committed fund balance, then assigned fund balance, and lastly to unassigned fund balance. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The City has adopted a financial policy to maintain an unassigned fund balance in the general fund of 35% - 55% of general fund operating expenditures. If the fund balance falls below the desired range, the City will create a plan to restore the unassigned fund balance to the appropriate level. Should the actual amount rise above the desired range, any excess funds will remain unassigned pending the Council's final decision concerning transfer to another fund balance classification. It is the policy of the City that such excess funds will be, by Council action, reported in the committed category.

NOTE 2 - Cash, Cash Equivalents, and Investments

State statutes permit the City to invest available cash balances in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. No significant violations of these restrictions occurred during the year.

As of December 31, 2020, the City had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 908,198
Certificates of deposit	More than one year	354,111
U.S. Treasury Securities	More than one year	200,507
Total		<u>\$ 1,462,816</u>

Determining Fair Value - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

- 1) U.S. Treasury Securities are determined based on published market quotations (level 1 inputs).
- 2) Deposits and Investments with stated interest rates (savings accounts, CD's) are stated at cost.

Income Allocation - Interest income is allocated to the fund which owns the certificate of deposit, money market account, savings account and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The City's investment policy requires the investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 2 - Cash, Cash Equivalents, and Investments - Continued

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to the type of securities permitted by state statutes and requires the portfolio to be diversified so that the impact of potential losses from any one type of security or any one individual issuer will be minimized. The policy requires the City Council to approve public depositories by resolution.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial credit risk requires the City to maintain a list of public depositories, financial institutions and City brokers/dealers authorized to provide deposit and investment services. The authorized depositories, financial institutions and broker/dealers must provide an appropriate audited financial statement demonstrating compliance with state and federal capital adequacy guidelines. In accordance with Minnesota Statutes, the City maintains its deposits with national banks; insured state banks and thrift institutions. Minnesota Statutes require that all City deposits be insured, secured by a surety bond or be collateralized, and the market value of collateral must be equal to 110% of the deposits not covered by insurance or surety bonds.

As of December 31, 2020, none of the City's bank balance of \$4,396,852 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government and/or municipal government's securities held by the bank in the City's name and/or a letter of credit.

NOTE 3 - Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Winona County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

Winona County spreads all levies over taxable property. Such taxes become a lien on January 1 the following year, and are recorded as receivables by the City at that date. Revenue from property taxes are accrued and recognized in the year collectable, net of delinquencies.

Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing cities normally during the months of January, June, and December.

NOTE 4 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2020 are as follows:

GOVERNMENTAL ACTIVITIES:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>ENDING BALANCE</u>
Capital assets not being depreciated:					
Land	\$ 947,399	\$ -	-	\$ -	\$ 947,399
Construction in progress	<u>197,838</u>	<u>316,270</u>	<u>-</u>	<u>(128,899)</u>	<u>385,209</u>
Total capital assets not being depreciated	<u>1,145,237</u>	<u>316,270</u>	<u>-</u>	<u>(128,899)</u>	<u>1,332,608</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 4 - Capital Assets - Continued

GOVERNMENTAL ACTIVITIES - Continued:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>ENDING BALANCE</u>
Capital assets being depreciated:					
Land improvements	\$ 964,586	\$ -	\$ -	\$ -	\$ 964,586
Buildings and improvements	1,904,889	-	-	-	1,904,889
Equipment	2,317,296	316,498	(80,360)	39,509	2,592,943
Infrastructure	<u>10,709,205</u>	<u>-</u>	<u>-</u>	<u>17,409</u>	<u>10,726,614</u>
Total capital assets being depreciated	<u>15,895,976</u>	<u>316,498</u>	<u>(80,360)</u>	<u>56,918</u>	<u>16,189,032</u>
Less accumulated depreciation for:					
Land improvements	(570,457)	(34,714)	-	-	(605,171)
Buildings and improvements	(911,009)	(50,325)	-	-	(961,334)
Equipment	(1,636,523)	(156,161)	35,019	-	(1,757,665)
Infrastructure	<u>(3,793,722)</u>	<u>(214,948)</u>	<u>-</u>	<u>-</u>	<u>(4,008,670)</u>
Total accumulated depreciation	<u>(6,911,711)</u>	<u>(456,148)</u>	<u>35,019</u>	<u>-</u>	<u>(7,332,840)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>8,984,265</u>	<u>(139,650)</u>	<u>(45,341)</u>	<u>56,918</u>	<u>8,856,192</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$10,129,502</u>	<u>\$ 176,620</u>	<u>\$ (45,341)</u>	<u>\$ (71,981)</u>	<u>\$10,188,800</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 12,725
Public safety	112,553
Public works	280,456
Culture, recreation and education	50,414
Total	<u>\$ 456,148</u>

BUSINESS-TYPE ACTIVITIES:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>TRANSFERS</u>	<u>ENDING BALANCE</u>
Capital assets not being depreciated:					
Land	\$ 62,689	\$ -	\$ -	\$ -	\$ 62,689
Capital assets being depreciated:					
Buildings	3,627,153	-	-	-	3,627,153
Equipment	1,874,201	11,670	(28,902)	-	1,856,969
Infrastructure	<u>13,323,336</u>	<u>338,657</u>	<u>-</u>	<u>113,010</u>	<u>13,775,003</u>
Total capital assets being depreciated	<u>18,824,690</u>	<u>350,327</u>	<u>(28,902)</u>	<u>113,010</u>	<u>19,259,125</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 4 - Capital Assets - Continued

BUSINESS-TYPE ACTIVITIES - Continued

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>TRANSFERS</u>	<u>ENDING BALANCE</u>
Less accumulated depreciation for:					
Buildings	\$(1,036,785)	\$ (71,722)	\$ -	\$ -	\$(1,108,507)
Equipment	(799,029)	(73,913)	27,453	-	(845,489)
Infrastructure	<u>(3,095,023)</u>	<u>(211,153)</u>	<u>-</u>	<u>-</u>	<u>(3,306,176)</u>
Total accumulated depreciation	<u>(4,930,837)</u>	<u>(356,788)</u>	<u>27,453</u>	<u>-</u>	<u>(5,260,172)</u>
 Total capital assets being depreciated, net of accumulated depreciation	<u>13,893,853</u>	<u>(6,461)</u>	<u>(1,449)</u>	<u>113,010</u>	<u>13,998,953</u>
 Business-type activities capital assets, net of accumulated depreciation	 <u>\$13,956,542</u>	 <u>\$ (6,461)</u>	 <u>\$ (1,449)</u>	 <u>\$ 113,010</u>	 <u>\$14,061,642</u>

Depreciation expense was charged to business-type functions as follows:

Water utility	\$ 220,524
Sewer utility	136,264
Total	<u>\$ 356,788</u>

NOTE 5 - Long-Term Obligations

Long-term obligations are as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES:					
Property tax GO bond	\$ 1,465,000	\$ -	\$(145,000)	\$ 1,320,000	\$ 150,000
Discount	(6,291)	6,291	-	-	-
Premium	24,356	-	(3,013)	21,343	-
Special assessment GO bond	1,305,000	-	(165,000)	1,140,000	160,000
Capital lease	18,452	-	(10,414)	8,038	8,038
Net pension liability	698,665	139,627	-	838,292	-
OPEB	117,735	-	(12,078)	105,657	-
Compensated absences	102,347	-	(6,680)	95,667	79,403
TOTAL	<u>\$ 3,725,264</u>	<u>\$ 145,918</u>	<u>\$(342,185)</u>	<u>\$ 3,528,997</u>	<u>\$ 397,441</u>
BUSINESS-TYPE ACTIVITIES:					
GO bond	\$ 2,233,932	\$ -	\$(223,000)	\$ 2,010,932	\$ 229,000
Net pension liability	237,542	34,497	-	272,039	-
OPEB	56,480	5,692	-	62,172	-
Compensated absences	35,402	5,178	-	40,580	33,682
TOTAL	<u>\$ 2,563,356</u>	<u>\$ 45,367</u>	<u>\$(223,000)</u>	<u>\$ 2,385,723</u>	<u>\$ 262,682</u>

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 5 - Long-Term Obligations - Continued

In prior years, the general fund liquidated vested employee benefits. Interest cost incurred during the year totaled \$68,808 for governmental activities and \$54,910 for business-type activities. Total interest paid during the year aggregated \$70,780 for governmental activities and \$58,685 for business-type activities.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. Property tax bonds are expected to be repaid with general property taxes. Special assessment bonds are an obligation of the City and are expected to be repaid with general property taxes and special assessments. Business-type bonds are expected to be repaid from revenue derived from the operation of the water utility. General obligation debt at December 31, 2020 is comprised of the following individual issues:

<u>ISSUE DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES</u>	<u>DATES OF MATURITY</u>	<u>BALANCE</u>
Water GO bonds	9/22/08	2.627%	8/20/28	\$ 2,010,932
Special assessment GO bonds	5/16/13	0.65-1.70%	5/1/23	205,000
Special assessment GO bonds	9/18/14	0.70-3.00%	2/1/30	935,000
Property tax GO bonds	5/17/18	3.00%	2/1/28	1,320,000
Total				<u>\$ 4,470,932</u>

General Obligation Debt Limit - The legal debt limit as of December 31, 2020 is \$8,683,452 the City has \$5,352,520 remaining on the limit.

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

	<u>GOVERNMENTAL ACTIVITIES</u>				<u>TOTAL</u>
	<u>GO BONDS</u>		<u>SPECIAL ASSESSMENT GO BONDS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
<u>Year ending December 31,</u>					
2021	\$ 150,000	\$ 37,350	\$ 160,000	\$ 26,138	\$ 310,000
2022	150,000	32,850	160,000	23,450	310,000
2023	160,000	28,200	155,000	20,503	315,000
2024	160,000	23,400	90,000	17,925	250,000
2025	165,000	18,525	90,000	15,675	255,000
2026-2030	<u>535,000</u>	<u>24,225</u>	<u>485,000</u>	<u>36,825</u>	<u>1,020,000</u>
Total	<u>\$ 1,320,000</u>	<u>\$ 164,550</u>	<u>\$ 1,140,000</u>	<u>\$ 140,516</u>	<u>\$ 2,460,000</u>

	<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>GO BONDS</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
<u>Year ending December 31,</u>		
2021	\$ 229,000	\$ 52,827
2022	235,000	46,811
2023	241,000	40,638
2024	248,000	34,307
2025	254,000	27,792
2026-2030	<u>803,932</u>	<u>42,604</u>
Total	<u>\$ 2,010,932</u>	<u>\$ 244,979</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 5 - Long-Term Obligations - Continued

Bond Compliance Requirements - There are a number of requirements set forth by the various bonds, with which the City is in complete compliance.

Conduit Debt - The City issued \$1,920,000 Non-Profit Facility Revenue Notes during 2017 for the purpose of acquiring and renovating real property to be used by a Minnesota nonprofit corporation for which the purpose of the debt is deemed to be in the public interest. The notes are secured by the property financed and are payable from payments derived pursuant to a Loan Agreement. The City is not obligated in any manner for repayment of the notes. Accordingly, the notes are not reported as liabilities in the accompanying financial statements. As of December 31, 2020, the aggregate principal amount payable was \$1,699,511.

In addition, the City issued \$1,250,000 Accessible Housing Facilities Revenue Note during 2018 for the purpose of refinancing existing debt and to finance the costs of renovations to two 14-unit multifamily housing facilities accessible and affordable to the elderly and disabled for which the purpose of the debt is deemed to be in the public interest. The note is secured by the property financed and is payable from payments derived pursuant to a Loan Agreement. The City is not obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements. As of December 31, 2020, the aggregate principal amount payable was \$1,126,399.

NOTE 6 - Defined Benefit Pension Plan - Statewide

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by the state statute and can only be modified by the state legislature. Vested Terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

GERF Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the post-retirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

PEPFF Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the post-retirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2020. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2020. The City's contributions to the GERF for the year ended December 31, 2020, were \$47,952. The City's contributions were equal to the required contributions as set by state statute.

PEPFF Contributions

Plan members were required to contribute 11.80 percent of their annual covered salary in calendar year 2020. The City was required to contribute 17.70 percent of pay for PEPFF members in calendar year 2020. The City's contributions to the PEPFF for the year ended December 31, 2020, were \$84,639. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

GERF Pension Costs

As of December 31, 2020, the City reported a liability of \$539,591 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2020. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City's totaled \$16,500. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. As of June 30, 2020, the City's proportionate share was .0090% which is no change from its proportion measured as of June 30, 2019.

City of Goodview's proportionate share of the net pension liability	\$ 539,591
State of Minnesota's proportionate share of the net pension liability associated with the City of Goodview	16,500
TOTAL	<u>\$ 556,091</u>

For the years ended December 31, 2020, the City recognized pension expense of \$47,917, for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,436 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund. As of December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,918	\$ 2,042
Changes in assumptions	-	19,940
Net differences between projected and actual earnings on pension plan investments	9,553	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,774	1,596
Employer contributions subsequent to the measurement date	24,017	-
Total	\$41,262	\$23,578

\$41,262 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>YEAR ENDED DECEMBER 31,</u>	<u>PENSION EXPENSE AMOUNT</u>
2021	\$ (30,626)
2022	998
2023	10,259
2024	13,036

PEPFF Pension Costs

At December 31, 2020, the City of Goodview reported a liability of \$570,740 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that dated. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates for July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportion was .0433% which was an increase of .0021% from its proportion measured as of June 30, 2019.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$102,401 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$4,135 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the Police and Fire Fund. The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$3,897 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City of Goodview reported its proportionate share of Public Employees Police and Fire Fund's deferred outflows of resources and deferred inflows of resource related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,891	\$ 23,160
Changes in actuarial assumptions	163,438	306,595
Difference between projected and actual investment earnings	38,116	-
Changes in proportion	47,540	-
Contributions paid to PERA subsequent to the measurement date	40,521	-
Total	\$ 302,506	\$ 329,755

\$40,521 reported as deferred outflows of resources related to pensions resulting from the City of Goodview contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources relate to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2021	\$ (19,830)
2022	(120,481)
2023	37,268
2024	31,141
Thereafter	4,132

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	General Employees Plan	Police & Fire Plan
Inflation	2.5% per year	2.5% per year
Salary Growth	3.25% after 26 years of service	3.25% after 25 years of service
Investment Rate of Return	7.5%	7.5%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50 to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint & Survivor option changed from 35 to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0 percent for the period July 1, 2020 through December 31, 2023 and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100%	

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 6 - Defined Benefit Pension Plan - Statewide - Continued

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employers Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity Analysis				
<i>Net Pension Liability (Asset) at Different Discount Rates</i>				
	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$864,777	6.50%	\$1,137,568
Current Discount Rate	7.50%	\$539,591	7.50%	\$570,740
1% Higher	8.50%	\$271,339	8.50%	\$101,790

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at: www.mnpera.org.

NOTE 7 - Defined Benefit Pension Plan - Statewide Volunteer Firefighters

Plan Description

The Goodview Volunteer Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2020, the Plan covered 25 active firefighters and 4 vested terminated firefighters whose pension benefits are deferred. The Plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 7 - Defined Benefit Pension Plan - Statewide Volunteer Firefighters - Continued

Benefits Provided

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed \$23,697 in fire state aid to the fund for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2020, were \$4,852. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2020, the City reported a net pension asset of \$118,462 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a-b)
Beginning Balance 12/31/2019	\$460,971	\$525,278	\$ (64,307)
Changes for the Year			
Service Cost	17,875	-	17,875
TPL Interest	28,266	-	28,266
Projected Investment Earnings	-	75,581	(75,581)
Actuarial Experience (Gains) Losses	2,897	-	2,897
Contributions (ER/State)	-	28,549	(28,549)
Benefit Payouts	(15,507)	(15,507)	-
PERA Administrative Fee	-	(937)	937
Net Changes	\$ 33,531	\$ 87,686	\$ (54,155)
Balance End of Year 12/31/2020	\$494,502	\$612,964	\$(118,462)

There were no benefit provision changes during the measurement period.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 7 - Defined Benefit Pension Plan - Statewide Volunteer Firefighters - Continued

For the year ended December 31, 2020, the City recognized pension expense of \$7,327.

At December 31, 2020, the City reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial Experience Gains/Losses	\$ -	\$ 8,286
Difference Between Projected and Actual Investment Earnings	-	56,385
Contributions (both required and voluntary) Paid Subsequent to the Measurement Date	-	-
Total	\$ -	\$64,671

\$-0- reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2021	\$(24,975)
2022	(16,940)
2023	(14,525)
2024	(8,231)

Actuarial Assumptions

The total pension liability at December 31, 2020, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0 percent
- Inflation rate of 3.0 percent

No actuarial assumptions were made during the measurement period.

Discount Rate

The discount rate used to measure the total pension liability was six percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 7 - Defined Benefit Pension Plan - Statewide Volunteer Firefighters - Continued

Pension Liability Sensitivity

The following presents the City's net pension asset for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net Pension Asset	(\$102,094)	(\$118,462)	(\$133,933)

Plan Investments

Investment Policy: The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

Asset Allocation: To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35%	5.10%
International Stocks	15%	5.30%
Bonds	45%	0.75%
Unallocated Cash	5%	0.00%

The 6 percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 7 - Defined Benefit Pension Plan - Statewide Volunteer Firefighters - Continued

Description of significant investment policy changes during the year: The SBI made no significant changes to their investment policy during fiscal year 2020 for the Volunteer Firefighter Fund.

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2020, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

NOTE 8 - Interfund Balance and Activity

Interfund receivable and payable balances on December 31, 2020, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	General	\$ 6,828
Sewer	General	6,830
		<u>\$ 13,658</u>

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental and business activities are netted and eliminated.

Interfund transfers at December 31, 2020 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Farmers Market	Economic Development Authority	\$ 1,000
Farmers Market	General	1,000
Water	General	7,432
Sewer	General	7,432
		<u>\$ 16,864</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 9 - Post Employment Benefits Other Than Pensions

General Information about the Post-Employment Benefits Other Than Pensions

Plan Description - The other post-employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the City Council. The plan is administered by the City and included in the City's financial statements.

Benefits Provided - The City offers other post-employment benefits under a defined benefit single-employer plan. For employees retiring after May 26, 2008, the City pays severance in an amount equaling 15 percent of their current salary and the amount obtained by multiplying \$110 times the retirees' unused number of sick leave days up to the maximum of 120 days. The severance pay will be contributed to the Post-Retirement Health Care Savings Plan with the Minnesota State Retirement System within one month of the effective date of retirement. The plan does not issue a publicly available financial report. Benefit provisions are established and amended by the City Council.

Employees Covered - As of the December 31, 2020 measurement date, 13 active employees were covered by the plan.

Contributions - Employees do not make contributions to the plan. The City makes benefit payments on a pay-as you go basis. The City made \$44,232 of benefit payments during the current year. There are no plan assets.

Actuarial Assumptions - The total OPEB liability was measured at December 31, 2020. The City has elected to calculate the OPEB liability using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members. The following simplifying assumptions were made:

Retirement age for active employees: Based on the date the employee becomes eligible to receive benefits which is when their age and full-time years of service total 75 or more.

Turnover: Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Payroll growth rate: The expected long-term payroll growth rate was assumed to be 2 percent.

Inflation rate: The expected long-term inflation rate was assumed to equal the payroll growth rate.

There were no material changes in assumptions, other than the discount rate, or benefit terms during the year.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 9 - Post Employment Benefits Other Than Pensions

Discount Rate - A discount rate of 2.12 percent was used to measure the total OPEB liability at December 31, 2020. This discount rate was based a 20 year municipal bond rate. The discount rate at the prior measurement date was 2.75.

Changes in the Total OPEB Liability

	TOTAL OPEB HEALTHCARE LIABILITY
BEGINNING BALANCE	\$ 174,215
Changes for the year:	
Service cost	29,291
Interest	3,694
Assumptions or other inputs	(12,365)
Difference between expected and actual experience	17,204
Benefit payments	(44,210)
NET CHANGES	(6,386)
ENDING BALANCE	<u>\$ 167,829</u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate - The following presents the OPEB liability calculated using the discount rate of 2.12 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current rate:

	1% Decrease to Discount Rate (1.12%)	Current Discount Rate (2.12%)	1% Increase to Discount Rate (3.12%)
Total OPEB liability	\$ 167,248	\$ 167,829	\$ 167,197

For the year ended December 31, 2020, the City recognized OPEB healthcare expense of (\$6,386).

NOTE 10 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

	Purpose	Amount
<u>Governmental Fund</u>		
Nonspendable		
General	Prepaid expenses	<u>\$ 13,250</u>
Restricted		
General	Police, fire, first responders, and parks	\$ 45,573
Debt Service	Principal and interest	736,720
Capital Projects	Future bonded capital expenditures	746,156
		<u>\$ 1,528,449</u>

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 10 - Fund Balance and Net Position

<u>Governmental Fund - Continued</u>	<u>Purpose</u>	<u>Amount</u>
Assigned		
General	Comprehensive plan	\$ 19,081
General	Street repairs and projects	69,800
General	Replace wood chips	5,000
Economic Development Authority	Specific expenses	202,861
Farmers Market	Specific expenses	6,426
Police Reserves	Specific expenses	1,876
		<u>\$ 305,044</u>
<u>Net Position</u>		
Governmental Activities		
Restricted		
General	Police, fire, first responders, and parks	\$ 45,573
Debt Service	Principal and interest	736,720
Capital Projects	Future bonded capital expenditures	746,156
Other activities	Net pension asset	118,462
		<u>\$ 1,646,911</u>

NOTE 11 - Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the City's policy is to purchase commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior year.

NOTE 12 - Capital Leases

The City leases equipment under capital leases. These assets are included in the capital assets with a cost value of \$40,788. The future minimum lease payments for these leases are as follows:

<u>YEAR ENDED DECEMBER 31,</u>	<u>PRINCIPAL</u>
2021	\$ 8,148
Less amount representing interest	(110)
Present Value of Future Minimum Lease Payments	<u>\$ 8,038</u>

NOTE 13 - Related Party Transactions

The City Administrator is related to a local bank President of which the City does business. At December 31, 2020, the City had cash on deposit in this bank of \$204,146. In addition, the bank is the custodian for the City for \$2,520,293 held in redeposit accounts. These funds are redeposited to other banks located in the United States.

CITY OF GOODVIEW, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	General			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUE				
Taxes				
Property	\$ 1,193,827	\$ 1,193,827	\$ 1,173,575	\$ (20,252)
Franchise	201,500	201,500	209,817	8,317
Licenses and permits	30,640	30,640	31,863	1,223
Intergovernmental				
Local government aid	372,388	372,388	374,751	2,363
Market value credits	125	125	136	11
Police aid	51,500	51,500	56,706	5,206
Other state aid	16,000	16,000	686,980	670,980
Charges for services				
Other public safety	9,000	9,000	1,060	(7,940)
Fines and forfeits	15,750	15,750	7,620	(8,130)
Miscellaneous				
Interest	10,000	10,000	16,487	6,487
Donations	-	-	33,885	33,885
Miscellaneous	27,945	27,945	24,950	(2,995)
TOTAL REVENUE	<u>1,928,675</u>	<u>1,928,675</u>	<u>2,617,830</u>	<u>689,155</u>
EXPENDITURES				
Current				
General government				
Legislative	15,678	15,678	15,178	500
General administration	230,700	230,700	212,983	17,717
Other general government	287,565	287,565	463,739	(176,174)
Public safety				
Law enforcement	907,655	907,655	852,682	54,973
Fire protection	90,622	90,622	68,010	22,612
First responders	23,330	23,330	17,731	5,599
Other public safety	12,460	12,460	5,941	6,519
Public works		-		
Highways and streets	391,077	391,077	359,467	31,610
Culture and recreation				
Parks and recreation	35,475	35,475	57,085	(21,610)
Capital outlay				
General Gov't	-	-	49,758	(49,758)
Law enforcement	71,000	71,000	64,706	6,294
Fire protection	71,000	71,000	148,563	(77,563)
Highways and streets	5,000	5,000	282,253	(277,253)
Parks and recreation	30,100	30,100	25,267	4,833
Debt service				
Principal	10,863	10,863	10,414	449
Interest and other charges	-	-	449	(449)
TOTAL EXPENDITURES	<u>2,182,525</u>	<u>2,182,525</u>	<u>2,634,226</u>	<u>(451,701)</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	(253,850)	(253,850)	(16,396)	237,454
OTHER FINANCING SOURCES				
Transfers (out)	-	-	(15,864)	(15,864)
NET CHANGE IN FUND BALANCES	(253,850)	(253,850)	(32,260)	221,590
FUND BALANCES AT BEGINNING OF YEAR	<u>1,426,342</u>	<u>1,426,342</u>	<u>1,516,436</u>	<u>90,094</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,172,492</u>	<u>\$ 1,172,492</u>	<u>\$ 1,484,176</u>	<u>\$ 311,684</u>

The notes to the financial statements are an integral part of these statements.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2020

NOTE 1 - Budgetary Information

1. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds classified as the general fund and debt service funds. No budget is prepared for other governmental funds, which includes the capital projects fund. All annual appropriations lapse at fiscal year-end.
2. On or before July 1 of each year, all departments of the City submit requests for appropriations to the City's Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review and approval. By September 30, the proposed budget and tax levy must be submitted to the County Auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted, and submitted to the County Auditor no later than December 28.
3. The appropriated budget is prepared by fund, function, and department. The City's Administrator may make transfers of appropriations between departments. Transfers of appropriations between funds require the approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund level.
4. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds due to the very low volume of purchase orders at any point in time for a city of this size. Appropriate budgetary control is maintained through the use of sub-files of unfilled purchase orders which are reviewed when a particular purchase is proposed to determine if any purchase orders are outstanding against the affected appropriation and whether sufficient appropriation remains to allow the proposed purchase.

NOTE 2 - Excess of Actual Expenditure Over Budget - Expenditures in the General Fund exceeded budget by \$451,701. The following expenditure classifications were in excess of \$1,000 over budget.

General Fund		
General government	\$	157,957
Health and human services		21,610
Capital outlay		393,447

CITY OF GOODVIEW, MINNESOTA
SCHEDULES OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY AND CONTRIBUTIONS -
GENERAL EMPLOYEES RETIREMENT FUND
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Last 10 Fiscal Years *					
	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	0.0095%	0.0093%	0.0090%	0.0089%	0.0090%	0.0090%
Proportionate share of the net pension liability	\$ 492,339	\$ 755,114	\$ 574,554	\$ 493,736	\$ 497,590	\$ 539,591
Covered payroll	\$ 558,334	\$ 579,647	\$ 580,902	\$ 595,473	\$ 630,656	\$ 639,360
Proportionate share of the net pension liability as a percentage of its covered payroll	88.18%	130.27%	98.91%	82.91%	78.90%	84.40%
Plan fiduciary net position as a percentage of the total pension liability	78.20%	68.90%	75.90%	79.50%	80.20%	79.10%

SCHEDULE OF CONTRIBUTIONS

	Last 10 Fiscal Years *					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 42,522	\$ 43,573	\$ 43,738	\$ 46,027	\$ 48,244	\$ 47,952
Contributions in relation to the contractually required contributions	<u>(42,522)</u>	<u>(43,573)</u>	<u>(43,738)</u>	<u>(46,027)</u>	<u>(48,244)</u>	<u>(47,952)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 566,966	\$ 580,979	\$ 583,177	\$ 613,693	\$ 643,251	\$ 639,360
Contributions as a percentage of covered payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

(Continued on page 60)

CITY OF GOODVIEW, MINNESOTA
SCHEDULES OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY AND CONTRIBUTIONS -
GENERAL EMPLOYEES RETIREMENT FUND - Continued
YEAR ENDED DECEMBER 31, 2020

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Changes of benefit terms:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Changes of assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

CITY OF GOODVIEW, MINNESOTA
SCHEDULES OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE FUND
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Last 10 Fiscal Years *					
	2015	2016	2017	2018	2019	2020
Proportion of the net pension liability	0.0370%	0.0370%	0.0370%	0.0397%	0.0412%	0.0433%
Proportionate share of the net pension liability	\$ 420,407	\$ 1,484,874	\$ 499,544	\$ 423,161	\$ 438,616	\$ 570,740
Covered payroll	\$ 339,839	\$ 357,030	\$ 382,185	\$ 417,959	\$ 435,290	\$ 478,186
Proportionate share of the net pension liability as a percentage of its covered payroll	123.71%	415.90%	130.71%	101.24%	100.76%	119.36%
Plan fiduciary net position as a percentage of the total pension liability	86.60%	63.90%	85.40%	88.80%	89.30%	87.20%

SCHEDULE OF CONTRIBUTIONS

	Last 10 Fiscal Years *					
	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 57,322	\$ 58,329	\$ 65,634	\$ 69,151	\$ 77,639	\$ 84,639
Contributions in relation to the contractually required contributions	<u>(57,322)</u>	<u>(58,329)</u>	<u>(65,634)</u>	<u>(69,151)</u>	<u>(77,639)</u>	<u>(84,639)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 353,840	\$ 360,056	\$ 405,151	\$ 426,858	\$ 462,138	\$ 478,186
Contributions as a percentage of covered payroll	16.20%	16.20%	16.20%	16.20%	16.80%	17.70%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Changes of benefit terms: There were no changes in benefit terms. Member contributions increased from 11.30% to 11.80% and employer contributions increased from 16.95% to 17.70%.

Changes of assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

CITY OF GOODVIEW, MINNESOTA

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND CONTRIBUTIONS - STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN
STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Total Pension Liability						
Service cost	\$ 22,613	\$ 20,382	\$ 20,259	\$ 21,368	\$ 17,734	\$ 17,875
Interest on the pension liability	33,072	30,725	28,335	29,709	26,233	28,266
Actuarial experience (gains)/losses	(16,054)	(14,330)	(10,980)	(60,651)	26,421	2,897
Changes in benefit level	-	(153,000)	-	(31,634)	(57,807)	-
Benefit payments	-	-	-	-	-	(15,507)
Net Changes in Total Pension Liability	39,631	(116,223)	37,614	(41,208)	12,581	33,531
Total Pension Liability - Beginning	528,576	568,207	451,984	489,598	448,390	460,971
Total Pension Liability - Ending (a)	\$ 568,207	\$ 451,984	\$ 489,598	\$ 448,390	\$ 460,971	\$ 494,502
Plan Fiduciary Net Position						
Fire state aid	\$ 15,826	\$ 16,066	\$ 16,162	\$ 16,692	\$ 17,035	\$ 18,086
Fire supplemental aid	3,872	3,897	3,911	3,972	3,944	3,992
Supplemental benefit reimbursement	1,741	-	3,000	-	1,631	1,619
Required municipal contribution	-	23,595	25,803	17,036	1,056	4,852
Adjustment to initial asset transfer	87	-	-	-	-	-
Net investment income	773	31,995	52,473	(19,278)	86,318	75,581
PERA administrative fee	(1,080)	(1,110)	(1,080)	(960)	(930)	(900)
Auditor/accounting fee	(3,369)	-	-	-	-	-
SBI investment fee	(15)	(35)	(24)	(28)	(22)	(37)
Benefit payments	-	(153,000)	-	(31,634)	(57,807)	(15,507)
Net Changes in Plan Fiduciary Net Position	17,835	(78,592)	100,245	(14,200)	51,225	87,686
Plan Fiduciary Net Position - Beginning	448,765	466,600	388,008	488,253	474,053	525,278
Plan Fiduciary Net Position - Ending (b)	\$ 466,600	\$ 388,008	\$ 488,253	\$ 474,053	\$ 525,278	\$ 612,964
Net Pension Liability - Ending (a) - (b)	\$ 101,607	\$ 63,976	\$ 1,345	\$ (25,663)	\$ (64,307)	\$ (118,462)
Plan fiduciary net position as a percentage of the total Pension liability	82.1%	85.8%	99.7%	105.7%	114.0%	124.0%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total Pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

(Continued on page 63)

CITY OF GOODVIEW, MINNESOTA

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND CONTRIBUTIONS - STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN
STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN - Continued
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020
Actuarially determined contributions	\$ -	\$ 23,595	\$ 25,803	\$ 17,036	\$ 1,056	\$ 4,852
Contributions in relation to the actuarially determined contributions	-	(23,595)	(25,803)	(17,036)	(1,056)	(4,852)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Actuarial valuation date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Measurement date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 4 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Methods and assumptions used to determine actuarially calculations - 6.00% discount rate,.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes of assumptions.

CITY OF GOODVIEW, MINNESOTA
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND CONTRIBUTIONS - DEFINED BENEFIT PLAN
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 9,476	\$ (1,779)	\$ 29,291
Interest	3,540	25,538	3,694
Changes in assumptions and other inputs	(2,925)	1,493	(12,365)
Differences between expected and actual experience	-	-	17,204
Benefit payments	-	-	(44,210)
Net Changes in Total OPEB Liability	10,091	25,252	(6,386)
Total OPEB Liability - Beginning	138,872	148,963	174,215
Total OPEB Liability - Ending (a)	\$ 148,963	\$ 174,215	\$ 167,829
Covered payroll	\$ 868,555	\$ 892,871	\$ 910,867
Total OPEB liability as a percentage of covered payroll	17.2%	19.5%	18.4%
Actuarial valuation date	12/31/2018	12/31/2019	12/31/2020
Measurement date	12/31/2018	12/31/2019	12/31/2020

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Methods and assumptions used to determine actuarially calculations - 2.12% discount rate, 2.0% inflation, 2.0% salary increases.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the discount rate changed from 2.75% to 2.12%.

CITY OF GOODVIEW, MINNESOTA

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

CITY OF GOODVIEW, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS			TOTAL
<u>ASSETS</u>	ECONOMIC DEVELOPMENT AUTHORITY	FARMERS MARKET	POLICE RESERVES	NONMAJOR GOVERNMENTAL FUNDS
Cash and cash equivalents	\$ 202,555	\$ 6,426	\$ 1,876	\$ 210,857
Receivables				
Taxes	1,232	-	-	1,232
TOTAL ASSETS	\$ 203,787	\$ 6,426	\$ 1,876	\$ 212,089
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS				
Unavailable revenue				
Property taxes and special assessments	926	-	-	926
FUND BALANCES				
Assigned	202,861	6,426	1,876	211,163
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 203,787	\$ 6,426	\$ 1,876	\$ 212,089

CITY OF GOODVIEW, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ECONOMIC DEVELOPMENT AUTHORITY	FARMERS MARKET	POLICE RESERVES	
REVENUE				
Taxes				
Property	\$ 50,700	\$ -	\$ -	\$ 50,700
Intergovernmental	-	720	-	720
Charges for services	-	1,112	-	1,112
Donations	-	1,000	-	1,000
Miscellaneous	9	-	300	309
TOTAL REVENUE	<u>50,709</u>	<u>2,832</u>	<u>300</u>	<u>53,841</u>
EXPENDITURES				
Current				
General government	-	5,566	-	5,566
Economic development	15,678	-	-	15,678
TOTAL EXPENDITURES	<u>15,678</u>	<u>5,566</u>	<u>-</u>	<u>21,244</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>35,031</u>	<u>(2,734)</u>	<u>300</u>	<u>32,597</u>
OTHER FINANCING SOURCES				
Transfers in	-	2,000	-	2,000
Transfers (out)	(1,000)	-	-	(1,000)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(1,000)</u>	<u>2,000</u>	<u>-</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCES	34,031	(734)	300	33,597
FUND BALANCES AT BEGINNING OF YEAR	<u>168,830</u>	<u>7,160</u>	<u>1,576</u>	<u>177,566</u>
FUND BALANCES AT END OF YEAR	<u>\$ 202,861</u>	<u>\$ 6,426</u>	<u>\$ 1,876</u>	<u>\$ 211,163</u>

CITY OF GOODVIEW, MINNESOTA

STATISCAL SECTION

DECEMBER 31, 2020

This part of the City of Goodview's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends 67-72

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 73-76

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 77-81

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 82-83

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 84-86

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF GOODVIEW, MINNESOTA
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 6,243,221	\$ 6,392,151	\$ 6,443,259	\$ 6,218,118	\$ 7,521,294	\$ 7,799,495	\$ 7,935,553	\$ 7,971,071	\$ 7,930,558	\$ 7,707,457
Restricted	1,531,793	1,469,691	1,369,061	1,380,473	1,000,235	1,314,879	1,319,234	1,158,671	1,303,282	1,646,911
Unrestricted	<u>1,237,989</u>	<u>1,586,414</u>	<u>1,462,575</u>	<u>1,859,669</u>	<u>1,012,347</u>	<u>486,191</u>	<u>605,621</u>	<u>827,312</u>	<u>840,190</u>	<u>822,796</u>
Total governmental activities net position	<u>\$ 9,013,003</u>	<u>\$ 9,448,256</u>	<u>\$ 9,274,895</u>	<u>\$ 9,458,260</u>	<u>\$ 9,533,876</u>	<u>\$ 9,600,565</u>	<u>\$ 9,860,408</u>	<u>\$ 9,957,054</u>	<u>\$ 10,074,030</u>	<u>\$ 10,177,164</u>
Business-type activities										
Net investment in capital assets	\$ 9,892,032	\$ 9,932,857	\$ 10,065,768	\$ 11,072,610	\$ 11,361,560	\$ 11,443,125	\$ 11,691,000	\$ 11,742,009	\$ 11,722,611	\$ 12,050,710
Unrestricted	<u>1,368,913</u>	<u>1,162,312</u>	<u>1,257,933</u>	<u>853,643</u>	<u>829,045</u>	<u>892,185</u>	<u>877,087</u>	<u>1,006,197</u>	<u>1,132,250</u>	<u>1,376,797</u>
Total business-type activities net position	<u>\$ 11,260,945</u>	<u>\$ 11,095,169</u>	<u>\$ 11,323,701</u>	<u>\$ 11,926,253</u>	<u>\$ 12,190,605</u>	<u>\$ 12,335,310</u>	<u>\$ 12,568,087</u>	<u>\$ 12,748,206</u>	<u>\$ 12,854,861</u>	<u>\$ 13,427,507</u>
Primary government										
Net investment in capital assets	\$ 16,135,253	\$ 16,325,008	\$ 16,509,027	\$ 17,290,728	\$ 18,882,854	\$ 19,242,620	\$ 19,626,553	\$ 19,713,080	\$ 19,653,169	\$ 19,758,167
Restricted	1,531,793	1,469,691	1,369,061	1,380,473	1,000,235	1,314,879	1,319,234	1,158,671	1,303,282	1,646,911
Unrestricted	<u>2,606,902</u>	<u>2,748,726</u>	<u>2,720,508</u>	<u>2,713,312</u>	<u>1,841,392</u>	<u>1,378,376</u>	<u>1,482,708</u>	<u>1,833,509</u>	<u>1,972,440</u>	<u>2,199,593</u>
Total primary governments net position	<u>\$ 20,273,948</u>	<u>\$ 20,543,425</u>	<u>\$ 20,598,596</u>	<u>\$ 21,384,513</u>	<u>\$ 21,724,481</u>	<u>\$ 21,935,875</u>	<u>\$ 22,428,495</u>	<u>\$ 22,705,260</u>	<u>\$ 22,928,891</u>	<u>\$ 23,604,671</u>

Note: The City implemented GASB Statement No. 65 in 2012, GASB No. 68 & 71 in 2015, and GASB No. 75 in 2018. Prior years have not been retroactively restated for the changes required by implementation of these standards.

CITY OF GOODVIEW, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES										
GOVERNMENTAL ACTIVITIES										
General government	421,254	426,421	426,016	485,228	482,425	496,759	511,018	549,167	523,689	703,088
Public safety	756,448	743,131	783,022	775,108	840,871	1,023,301	977,179	925,062	1,013,528	1,016,924
Public works	517,402	473,693	706,804	543,417	537,485	578,579	561,848	627,073	675,914	631,679
Health and human services	1,304	1,001	1,540	2,534	1,187	3,586	5,764	1,165	1,551	-
Economic development	-	-	-	-	-	96	7,815	2,791	6,678	15,678
Culture and recreation	149,539	110,826	107,198	100,589	101,354	109,863	99,933	88,053	74,774	121,899
Interest on long-term debt	101,476	87,038	120,246	121,085	70,828	52,347	41,745	102,291	71,445	82,165
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	1,947,423	1,842,110	2,144,826	2,027,961	2,034,150	2,264,531	2,205,302	2,295,602	2,367,579	2,571,433
BUSINESS-TYPE ACTIVITIES										
Water	571,153	590,857	628,277	633,872	632,142	646,834	622,529	633,670	637,154	637,532
Sewer	526,290	819,565	528,247	567,168	573,218	676,482	614,045	649,676	771,309	743,132
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	1,097,443	1,410,422	1,156,524	1,201,040	1,205,360	1,323,316	1,236,574	1,283,346	1,408,463	1,380,664
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 3,044,866	\$ 3,252,532	\$ 3,301,350	\$ 3,229,001	\$ 3,239,510	\$ 3,587,847	\$ 3,441,876	\$ 3,578,948	\$ 3,776,042	\$ 3,952,097
PROGRAM REVENUE										
GOVERNMENTAL ACTIVITIES										
Charges for Services:										
General government	9,671	9,757	10,223	9,927	9,386	9,713	9,103	10,084	13,483	8,865
Public safety	20,268	22,305	16,310	17,331	13,373	17,210	15,015	17,637	17,734	9,605
Public works	35,467	50,702	25,743	45,842	18,268	21,831	26,475	39,685	46,784	19,985
Culture and recreation	17,889	12,127	11,634	14,611	14,726	13,412	11,425	7,800	8,675	-
Operating grants and contributions	96,122	78,724	96,699	85,530	139,565	94,712	147,775	137,659	150,874	459,169
Capital grants and contributions	13,550	33,550	42,168	554,537	792,658	39,441	44,513	-	38,496	29,800
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	192,967	207,165	202,777	727,778	987,976	196,319	254,306	212,865	276,046	527,424
BUSINESS-TYPE ACTIVITIES										
Charges for services:										
Water	655,443	711,828	706,111	716,471	746,391	740,843	737,169	732,105	744,841	755,482
Sewer	627,632	662,000	666,307	661,701	672,597	689,254	704,488	721,897	751,806	780,496
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	1,283,075	1,373,828	1,372,418	1,378,172	1,418,988	1,430,097	1,441,657	1,454,002	1,496,647	1,535,978
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	\$ 1,476,042	\$ 1,580,993	\$ 1,575,195	\$ 2,105,950	\$ 2,406,964	\$ 1,626,416	\$ 1,695,963	\$ 1,666,867	\$ 1,772,693	\$ 2,063,402

(Continued on page 69)

CITY OF GOODVIEW, MINNESOTA
CHANGES IN NET POSITION - Continued
 Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NET (EXPENSE) REVENUE										
Governmental activities	\$ (1,784,456)	\$ (1,634,945)	\$ (1,942,049)	\$ (1,300,183)	\$ (1,046,174)	\$ (2,068,212)	\$ (1,950,996)	\$ (2,082,737)	\$ (2,091,533)	\$ (2,044,009)
Business-type activities	185,632	263,406	215,864	177,132	213,628	106,781	205,083	170,656	88,184	155,314
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (1,598,824)	\$ (1,371,539)	\$ (1,726,185)	\$ (1,123,051)	\$ (832,546)	\$ (1,961,431)	\$ (1,745,913)	\$ (1,912,081)	\$ (2,003,349)	\$ (1,888,695)
GENERAL REVENUE AND OTHER CHANGES IN NET POSITION										
GOVERNMENTAL ACTIVITIES										
Taxes										
Property taxes	\$ 1,290,816	\$ 1,372,544	\$ 1,363,744	\$ 1,369,733	\$ 1,485,142	\$ 1,586,377	\$ 1,624,484	\$ 1,574,461	\$ 1,579,807	\$ 1,548,880
Franchise taxes	182,027	186,884	196,130	202,796	226,230	213,283	214,836	213,351	211,422	209,817
Unrestricted grants and contributions	88,235	40,217	140,061	252,795	267,866	273,748	284,444	316,291	316,990	688,905
Interest and investment income	51,583	42,471	34,395	33,172	62,625	40,310	73,357	64,444	57,398	38,437
Miscellaneous	60,499	48,197	34,359	34,779	33,626	46,927	33,219	29,919	42,892	34,969
Transfers	(12,364)	430,767	-	(409,727)	(258,197)	(25,744)	(19,501)	(2,405)	-	(373,865)
TOTAL GOVERNMENTAL ACTIVITIES	1,660,796	2,121,080	1,768,689	1,483,548	1,817,292	2,134,901	2,210,839	2,196,061	2,208,509	2,147,143
BUSINESS-TYPE ACTIVITIES										
Investment earnings	8,308	11,413	12,638	15,693	9,020	12,180	7,981	8,506	18,471	11,335
Miscellaneous	-	-	-	-	-	-	212	-	-	32,132
Transfers	12,364	(430,767)	-	409,727	258,197	25,744	19,501	2,405	-	373,865
TOTAL BUSINESS-TYPE ACTIVITIES	20,672	(419,354)	12,638	425,420	267,217	37,924	27,694	10,911	18,471	417,332
TOTAL PRIMARY GOVERNMENT	\$ 1,681,468	\$ 1,701,726	\$ 1,781,327	\$ 1,908,968	\$ 2,084,509	\$ 2,172,825	\$ 2,238,533	\$ 2,206,972	\$ 2,226,980	\$ 2,564,475
CHANGE IN NET POSITION										
Governmental activities	\$ (123,660)	\$ 466,135	\$ (173,360)	\$ 183,365	\$ 771,118	\$ 66,689	\$ 259,843	\$ 113,324	\$ 116,976	\$ 103,134
Business-type activities	206,304	(155,948)	228,532	602,552	480,845	144,705	232,777	181,567	106,655	572,646
TOTAL PRIMARY GOVERNMENT	\$ 82,644	\$ 310,187	\$ 55,172	\$ 785,917	\$ 1,251,963	\$ 211,394	\$ 492,620	\$ 294,891	\$ 223,631	\$ 675,780

Note: The City implemented GASB Statement No. 65 in 2012, GASB No. 68 & 71 in 2015, and GASB No. 75 in 2018. Prior years have not been retroactively restated for the changes required by implementation of these standards.

CITY OF GOODVIEW, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 16,933	\$ 19,755	\$ 14,389	\$ 16,067	\$ 18,936	\$ 13,613	\$ 16,652	\$ 17,325	\$ 26,698	\$ 13,250
Restricted	48,640	52,513	57,935	77,496	53,116	23,002	27,357	18,591	24,676	45,573
Assigned	-	-	-	7,922	-	50,751	442	19,545	425,950	93,881
Unassigned	839,144	935,744	903,221	993,888	1,054,175	1,244,759	1,415,832	1,592,281	1,039,112	1,331,472
TOTAL GENERAL FUND	<u>\$ 904,717</u>	<u>\$ 1,008,012</u>	<u>\$ 975,545</u>	<u>\$ 1,095,373</u>	<u>\$ 1,126,227</u>	<u>\$ 1,332,125</u>	<u>\$ 1,460,283</u>	<u>\$ 1,647,742</u>	<u>\$ 1,516,436</u>	<u>\$ 1,484,176</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 60	\$ -
Restricted	1,013,191	963,458	1,561,920	1,983,895	743,199	781,639	869,871	1,864,611	1,534,637	1,482,876
Assigned	325,710	612,724	538,128	493,917	335,407	112,327	122,379	192,523	394,932	211,163
TOTAL OTHER OTHER GOVERNMENTAL FUNDS	<u>\$ 1,338,901</u>	<u>\$ 1,576,182</u>	<u>\$ 2,100,048</u>	<u>\$ 2,477,812</u>	<u>\$ 1,078,606</u>	<u>\$ 893,966</u>	<u>\$ 992,250</u>	<u>\$ 2,057,204</u>	<u>\$ 1,929,629</u>	<u>\$ 1,694,039</u>

Note: The City began to report new fund balance classifications when it implemented GASB Statement 54 in fiscal year 2011.

CITY OF GOODVIEW, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUE										
Taxes	\$ 1,475,324	\$ 1,566,810	\$ 1,561,769	\$ 1,568,160	\$ 1,702,890	\$ 1,785,958	\$ 1,837,106	\$ 1,788,766	\$ 1,798,887	\$ 1,769,687
Licenses and permits	43,642	59,088	34,766	54,821	26,174	30,680	34,422	47,319	56,411	31,863
Intergovernmental	142,490	111,870	209,068	322,010	1,095,098	351,732	380,708	427,586	406,583	1,119,293
Charges for services	18,794	13,564	12,798	15,428	16,173	14,257	12,594	10,265	12,536	2,172
Fines and forfeitures	20,859	22,239	16,345	17,462	13,407	17,230	15,001	17,622	17,729	8,699
Special assessments	136,440	132,623	146,284	141,288	142,495	116,234	141,582	80,643	69,878	76,168
Interest	51,584	42,471	34,395	33,172	62,625	40,310	73,357	64,444	57,398	38,437
Other revenue	119,670	77,871	84,801	76,244	68,084	60,572	59,792	40,953	107,193	60,144
TOTAL REVENUE	2,008,803	2,026,536	2,100,226	2,228,585	3,126,946	2,416,973	2,554,562	2,477,598	2,526,615	3,106,463
EXPENDITURES										
General government	397,609	406,725	403,730	461,394	456,949	469,405	499,279	528,191	508,833	697,466
Public safety	706,237	718,883	752,407	710,767	745,135	782,005	869,281	861,292	901,709	944,364
Economic development	-	-	-	-	-	96	7,815	2,791	6,678	15,678
Other public works	348,426	288,664	488,201	320,848	314,500	343,480	322,720	373,882	393,262	359,467
Health and human services	1,304	1,001	1,540	2,534	1,187	3,586	5,765	1,165	1,551	-
Culture and recreation	82,536	44,814	42,107	34,913	36,143	48,174	38,349	33,932	24,018	57,085
Capital outlay	196,063	427,577	61,957	1,135,448	1,624,946	282,346	152,729	660,068	546,227	884,547
Debt service										
Principal	230,000	280,000	331,209	342,535	1,233,929	410,394	426,933	335,000	315,000	320,414
Interest	101,908	94,063	92,176	89,675	82,509	56,229	46,037	36,379	88,218	80,428
Bond issuance costs	-	-	31,450	35,415	-	-	-	41,489	-	-
TOTAL EXPENDITURES	2,064,083	2,261,727	2,204,777	3,133,529	4,495,298	2,395,715	2,368,908	2,874,189	2,785,496	3,359,449
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	\$ (55,280)	\$ (235,191)	\$ (104,551)	\$ (904,944)	\$ (1,368,352)	\$ 21,258	\$ 185,654	\$ (396,591)	\$ (258,881)	\$ (252,986)

(Conitnued on page 72)

CITY OF GOODVIEW, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - Continued
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	\$ -	\$ -	\$ -	\$ 1,375,000	\$ -	\$ -	\$ -	\$ 1,615,000	\$ -	\$ -
Premium (discount) on bonds	-	-	-	(11,175)	-	-	-	34,004	-	-
Proceeds from capital leases	-	-	-	38,711	-	-	40,788	-	-	-
Proceeds from contract for deed	-	145,000	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	600,000	-	-	-	-	-	-	-
Premium (discount) on refunding bonds	-	-	(4,050)	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	405,930	1,250	143,712	258,000	2,000
Transfers out	-	-	-	-	-	(405,930)	(1,250)	(143,712)	(258,000)	(16,864)
TOTAL OTHER FINANCING SOURCES (USES)	-	145,000	595,950	1,402,536	-	-	40,788	1,649,004	-	(14,864)
NET CHANGES IN BALANCES	\$ (55,280)	\$ (90,191)	\$ 491,399	\$ 497,592	\$ (1,368,352)	\$ 21,258	\$ 226,442	\$ 1,252,413	\$ (258,881)	\$ (267,850)
Debt service as a percentage of noncapital expenditures	17.8%	20.4%	19.8%	21.6%	45.9%	22.1%	21.3%	16.8%	18.0%	11.9%

CITY OF GOODVIEW, MINNESOTA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agriculture Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed as Percentage of Actual Taxable Value</u>
2011	203,758,100	30,913,200	20,750,400	416,400	11,081,600	244,756,500	45.829	258,153,300	0.9481
2012	210,271,900	32,953,900	20,208,500	508,900	11,328,600	252,614,600	47.766	234,282,500	1.0782
2013	180,189,600	32,906,800	20,285,400	199,400	11,211,600	222,369,600	47.906	232,803,800	0.9552
2014	185,128,300	36,028,800	20,902,200	197,700	11,440,300	230,816,700	47.044	236,846,200	0.9745
2015	186,554,100	36,417,600	20,681,300	198,300	11,410,600	232,440,700	50.299	240,759,400	0.9654
2016	194,134,300	38,421,000	21,449,700	197,500	12,026,700	242,175,800	51.343	250,466,400	0.9669
2017	201,451,100	40,420,700	21,612,300	225,900	13,250,300	250,459,700	50.886	258,901,700	0.9674
2018	217,097,100	41,968,400	22,000,100	228,900	13,505,100	267,789,400	46.479	276,279,200	0.9693
2019	219,858,000	41,138,700	24,670,900	235,800	13,950,600	271,952,800	45.876	280,251,600	0.9704
2020	227,404,900	42,467,900	25,379,900	249,300	14,898,100	280,603,900	44.189	289,448,400	0.9694

Source: Winona County Auditor

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates ^a		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District # 861	County of Winona	HRA
2011	37.842	7.987	45.829	17.202	43.211	0.465
2012	38.139	9.627	47.766	18.990	44.684	0.508
2013	36.463	11.443	47.906	17.223	42.221	0.470
2014	35.807	11.237	47.044	15.970	39.444	0.422
2015	38.982	11.317	50.299	18.317	37.924	0.400
2016	39.800	11.543	51.343	20.340	37.399	0.392
2017	39.234	11.652	50.886	21.120	39.845	0.388
2018	36.397	10.081	46.479	20.049	39.512	0.369
2019	36.004	9.872	45.876	22.198	40.176	0.362
2020	34.681	9.508	44.189	20.474	40.065	0.340

Source: Winona County Auditor

Notes: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Goodview.

CITY OF GOODVIEW, MINNESOTA
PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago

	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>TAXPAYER</u>						
Lakeside Manor	\$ 14,832,100	1	5.29%	\$ 6,435,800	1	4.37%
Benchmark of Winona	8,223,100	2	2.93%	5,749,200	2	3.90%
Polymer Composites	6,067,200	3	2.16%	2,614,900	3	1.77%
Dave Pringle Apts	5,528,300	4	1.97%			
Xcel Energy	4,908,800	5	1.75%			
Bill Baker Apts.	3,781,600	6	1.35%			
ISD #861	3,643,400	7	1.30%			
Lake Village	3,114,500	8	1.11%	2,474,600	6	0.96%
Mississippi Welders	3,030,800	9	1.08%	2,044,900	8	0.79%
Fastenal Company	2,976,900	10	1.06%	1,835,100	9	0.71%
Knitcraft Corporation				1,597,900	10	0.62%
Winona Lighting				2,775,200	5	1.08%
Hiatt Manufacturing				2,145,900	7	0.83%
Hillview Apartments				3,064,300	4	1.19%
Total	\$ 56,106,700		20.00%	\$ 30,737,800		16.22%

Source: Winona County Auditor

CITY OF GOODVIEW, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 1,381,725	\$ 1,302,569	94.3%	\$ 21,114	\$ 1,323,683	95.80%
2012	1,361,739	1,341,586	98.5%	16,477	1,358,063	99.73%
2013	1,361,739	1,339,251	98.3%	17,769	1,357,020	99.65%
2014	1,361,739	1,336,495	98.1%	21,980	1,358,475	99.76%
2015	1,478,495	1,456,864	98.5%	21,208	1,478,072	99.97%
2016	1,575,215	1,525,689	96.9%	48,373	1,574,062	99.93%
2017	1,615,875	1,578,060	97.7%	36,953	1,615,013	99.95%
2018	1,568,555	1,531,347	97.6%	35,767	1,567,114	99.91%
2019	1,571,705	1,544,234	98.3%	21,652	1,565,886	99.63%
2020	1,561,956	1,546,244	99.0%	-	1,546,244	98.99%

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Governmental Activities Debt	Business-Type Activities General Obligation Water Bonds	Total Primary Government	Percentage of Personal Income ^b	Per Capita ^b
	Contract for deed	General Obligation Bonds ^a	Special Assesment Bonds ^a	Capital Leases					
2011	\$ -	\$ -	\$ 2,724,741	\$ 209,377	\$ 2,934,118	\$ 3,825,932	\$ 6,760,050	4.78%	1,675
2012	145,000	-	2,440,508	162,772	2,748,280	3,644,932	6,393,212	4.17%	1,584
2013	118,791	-	2,728,173	122,227	2,969,191	3,458,932	6,428,123	4.05%	1,593
2014	91,256	-	3,774,752	120,580	3,986,588	3,267,932	7,254,520	4.31%	1,797
2015	62,326	-	2,571,163	73,723	2,707,212	3,071,932	5,779,144	3.33%	1,432
2016	31,933	-	2,190,984	24,689	2,247,606	2,870,932	5,118,538	2.86%	1,268
2017	-	-	1,795,974	43,367	1,839,341	2,663,932	4,503,273	2.35%	1,116
2018	-	1,645,083	1,462,359	28,532	3,135,974	2,451,932	5,587,906	2.42%	1,385
2019	-	1,489,356	1,298,709	18,452	2,806,517	2,233,932	5,040,449	2.53%	1,249
2020	-	1,341,343	1,140,000	8,038	2,489,381	2,010,932	4,500,313	Not available	1,115

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a Presented net of original issuance discounts and premiums.

^b See Schedule 14 for personal income and population data.

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	General Obligation Water Bonds	Total	Less: Amounts Restricted for Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2011	\$ -	\$ 3,825,932	\$ 3,825,932	\$ -	\$ 3,825,932	1.48%	948
2012	-	3,644,932	3,644,932	-	3,644,932	1.44%	903
2013	-	3,458,932	3,458,932	-	3,458,932	1.32%	857
2014	-	3,267,932	3,267,932	-	3,267,932	1.27%	510
2015	-	3,071,932	3,071,932	-	3,071,932	1.31%	761
2016	-	2,870,932	2,870,932	-	2,870,932	1.23%	711
2017	-	2,663,932	2,663,932	-	2,663,932	1.12%	660
2018	1,645,083	2,451,932	4,097,015	1,284,521 ^c	2,812,494	1.17%	697
2019	1,489,356	2,233,932	3,723,288	802,878 ^c	2,920,410	1.21%	724
2020	1,341,343	2,010,932	3,352,275	736,720 ^c	2,615,555	0.90%	648.0562

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See schedule 5 for property value data.

^b Population data can be found in Schedule 14.

^c Includes unexpected bond proceeds.

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of December 31, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
School District #861	\$ 13,680,000	9.95%	\$ 1,361,160
County of Winona	9,875,000	6.83%	<u>674,463</u>
Subtotal, overlapping debt			2,035,623
City of Goodview direct debt			<u>2,489,381</u>
Total direct and overlapping debt			<u>\$ 4,525,004</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Winona County Auditor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Goodview. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF GOODVIEW, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 289,448,400
Debt limit (3% of assessed value)	8,683,452
Debt applicable to limit:	
General obligation bonds and notes	4,470,932
Less: Special Assessment Bonds	<u>(1,140,000)</u>
Total net debt applicable to limit	<u>3,330,932</u>
Legal debt margin	<u>\$ 5,352,520</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 7,744,599	\$ 7,028,475	\$ 6,984,114	\$ 7,105,386	\$ 7,222,782	\$ 7,513,992	\$ 7,767,051	\$ 8,288,376	\$ 8,407,548	\$ 8,683,452
Total net debt applicable to limit	<u>3,825,932</u>	<u>3,644,932</u>	<u>3,458,932</u>	<u>3,267,932</u>	<u>3,071,932</u>	<u>2,870,932</u>	<u>2,663,932</u>	<u>4,066,932</u>	<u>3,698,932</u>	<u>3,330,932</u>
Legal debt margin	<u>\$ 3,918,667</u>	<u>\$ 3,383,543</u>	<u>\$ 3,525,182</u>	<u>\$ 3,837,454</u>	<u>\$ 4,150,850</u>	<u>\$ 4,643,060</u>	<u>\$ 5,103,119</u>	<u>\$ 4,221,444</u>	<u>\$ 4,708,616</u>	<u>\$ 5,352,520</u>
Total net debt applicable to the limit as a percentage of debt limit	49%	52%	50%	46%	43%	38%	34%	49%	44%	38%

Note: Under Minnesota State law, the City of Goodview's net debt cannot exceed 3 percent of the estimated market value of property (2 percent prior to January 1, 2008).

CITY OF GOODVIEW, MINNESOTA
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds ^a				General Obligation Water Revenue Bonds					
	Special Assessment Collections	Debt Service		Coverage	Water Charges and Other	Less: Operating Expenses ^a	Net Available Revenue ^b	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2011	\$ 153,742	\$ 230,000	\$ 101,848	0.46	\$ 659,621	\$ 280,399	\$ 379,222	\$ 177,069	\$ 103,279	1.35
2012	170,364	280,000	93,973	0.46	717,654	306,400	411,254	181,000	100,507	1.46
2013	191,269	305,000	85,160	0.49	712,576	334,990	377,586	186,000	95,752	1.34
2014	162,327	315,000	83,535	0.41	724,661	342,081	382,580	191,000	90,866	1.36
2015	142,495	1,205,000 ^b	77,298	0.11	750,983	342,661	408,322	196,000	85,848	1.45
2016	116,234	380,000	52,498	0.27	747,252	360,309	386,943	201,000	80,700	1.37
2017	141,581	395,000	43,935	0.32	742,161	338,486	403,675	207,000	75,419	1.43
2018	81,763	335,000	35,454	0.22	736,906	349,808	387,098	212,000	69,981	1.37
2019	76,151	315,000	86,793	0.19	749,613	352,653	396,960	218,000	64,412	1.41
2020	76,168	310,000	70,331	0.20	773,019	361,373	411,646	223,000	58,685	1.46

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Water charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

^a Special Assessment Bonds are not fully covered with pledged assessment revenue. The amount of principal and interest that is pledged with special assessment revenue ranges from 19% to 49%.

^b Payment of \$985,000 to refund bonds.

CITY OF GOODVIEW, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Calendar Year	Population	Personal Income ^d	Per Capita Personal Income ^a	Median Age ^c	School Enrollment	Unemployment Rate ^b
2011	4,036	\$ 141,457,764	\$ 35,049	26.7	195	5.5%
2012	4,036	153,295,352	37,982	26.7	190	4.7%
2013	4,036	158,723,772	39,327	26.7	201	4.7%
2014	4,036	168,204,336	41,676	28.8	186	3.9%
2015	4,036	173,685,224	43,034	29.0	177	3.0%
2016	4,036	179,012,744	44,354	29.1	185	3.2%
2017	4,036	191,956,196	47,561	29.1	180	2.5%
2018	4,036	230,705,832	57,162	34.1	223	2.7%
2019	4,036	199,426,832	49,412	30.0	325	2.3%
2020	4,036	Not Available	Not Available	Not Available	259	3.5%

- Sources:**
- ^a US Bureau of Economic Analysis (by County)
The per capita personal income used is for that of Winona County, in which the City resides, the smallest region applicable to the City that this information is available for.
 - ^b Minnesota Dept. of Employment & Economic Development
 - ^c City-Data.com (by County)
 - ^d This estimated personal income is calculated by taking per capita personal income of Winona County and multiplying it by the City population.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF GOODVIEW, MINNESOTA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

EMPLOYER	TYPE OF BUSINESS/PRODUCT	2020			2011		
		EMPLOYEES ^b	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT ^a	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Benchmark Electronics, Inc.	Electronics manufacturer	583	1	2.57%	640	1	2.67%
Fastenal Company	Office and tool repair	438	2	1.93%	272	2	1.14%
Winona Lighting, Inc.	Lighting specialists	138	3	0.61%	140	4	0.59%
Mississippi Welders's Supply Co.	Welding services and supplies	80	4	0.35%	60	7	0.25%
Ticono Celstran, Inc.	Thermoplastic manufacturer	65	5	0.29%	64	6	0.27%
Knitcraft Corporation	Garment Manufacturer	61	6	0.27%	150	3	0.63%
I.S.D. No. 861 (Winona)	Elementary education	61	7	0.27%	56	8	0.23%
DCM Tech, Inc.	Machinery design and manufacturing	34	8	0.15%	31	9	0.13%
Rihm Kenworth	Truck & parts warehouse	20	9	0.09%			
Modern Ready Mix	Concrete Supplier	15	10	0.07%			
Wincraft, Inc.	Novelty manufacturer				68	5	0.28%
Hiatt Manufacturing	Wire foam and metal fabrication				21	10	0.09%
Total		1,495		6.60%	1,502		6.28%

** Information not available

^a Includes full-time, part-time and seasonal for the Winona County area.

^b This figure includes the number of employees working within the City of Goodview only.

Sources: Information from each business human resources department.

CITY OF GOODVIEW, MINNESOTA
CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Legislative	5	5	5	5	5	5	5	5	5	5
Administration	4	4	4	4	4	4	4	4	4	4
Public safety										
Police										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	13	14	14	12	12	10	9	7	12	11
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	5	5	5	5	5	5	5	5	5	5
Culture, recreation, and education										
Park rec (seasonal)	8	9	9	11	11	5	4	1	1	1
Water	9	9	9	9	9	9	9	9	9	9
Wastewater	9	9	9	9	9	9	9	9	9	9

Sources: Various city departments

CITY OF GOODVIEW, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Building permits issued	214	214	142	100	115	99	104	110	107	135
Police										
Physical arrests	99	92	155	91	95	49	54	65	69	45
Parking violations	68	27	67	57	19	69	67	78	80	19
Traffic violations	475	408	266	358	208	281	253	267	349	137
Fire										
Emergency responses	19	27	13	26	21	27	17	32	21	25
Fires extinguished	11	8	14	13	13	6	12	9	4	5
Inspections	2	2	2	2	2	2	2	2	2	0
Volunteers	31	28	28	31	34	31	30	28	24	22
First responder										
Runs	179	171	156	164	139	122	142	163	196	272
Patients	169	179	164	174	144	119	140	152	171	179
Volunteers	22	24	26	19	18	16	20	15	19	16
Water										
Customers	1,268	1,272	1,281	1,281	1,309	1,319	1,326	1,333	1,338	1343
Water main breaks	0	0	0	0	0	0	0	1	0	2
Average daily consumption (thousands of gallons)	302,830	298,462	305,446	315,597	326,887	315,522	284,259	351,065	303,363	283,651
Peak daily consumption (thousands of gallons)	367,386	415,695	388,173	380,383	390,112	386,479	378,080	797,069	451,478	352,684
Wastewater										
Customers	1,252	1,256	1,265	1,265	1,293	1,303	1,310	1,316	1,323	1,328
Average daily sewage treatment (thousands of gallons)	273,282	249,404	269,355	288,082	256,030	267,591	266,068	262,237	323,980	239,676

** Information not available

Sources: Various city
departments

CITY OF GOODVIEW, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Policemen										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	13	14	14	12	12	10	9	7	12	11
Patrol units	6	6	6	6	7	6	6	6	5	7
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	31	28	28	31	34	31	30	28	24	22
Other public works										
Streets (miles)										
Paved	19	19	19	19	19	19	19	19	19	19
Unpaved	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Streetlights	196	196	196	196	196	200	196	197	197	201
Recreation and culture										
Acreage	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Parks/playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	4	4	4	4	4	3	3	3	3	3
Soccer/football fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	2	2	2	2	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	2	2	2	2	2
Biking/walking trail (2 miles)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	24.6	24.6	24.7	25.4	25.4	28.5	28.5	28.6	28.7	28.7
Fire hydrants	179	179	181	188	188	238	238	239	239	239
Storage capacity (millions of gallons)	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16
Wastewater										
Sanitary sewers (miles)	21.9	21.9	22.0	22.8	22.8	25.3	25.3	25.4	25.9	25.9
Storm sewers (miles)	7.6	7.6	7.6	8.1	8.1	10.0	10.0	10.0	10.0	10.0

CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2020

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Goodview, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodview (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control described below, that we consider to be significant deficiencies.

2020-001 - Management's Responsibility for Preparation of Financial Statements

Program: City-wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: The training and knowledge of your personnel limits your ability to prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP-basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2019-001.

Recommendation: Obtain adequate training or continue to hire a certified public accountant (CPA) to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP-basis financial statements, management has weighed the cost-benefit of training personnel or hiring a certified public accounting (CPA) firm. Management has concluded to hire a CPA firm.

2020-002 - Segregation of Duties

Program: City-wide

Criteria: Separation of accounting duties is necessary for adequate internal control.

Condition: Separation of accounting duties for cash disbursements and payroll is currently limited to obtain an adequate internal control system.

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systematic problem.

Prior Year Finding: This was a prior year audit finding numbered 2019-002.

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

Management's Response: This weakness is impractical to entirely correct due to the limited resources and personnel available to our City. We will continue to use other controls, where practical, to compensate for this limitation.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Goodview's Response to Findings

The City's responses to the findings identified in our audit are described above. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 23, 2021

**INDEPENDENT AUDITORS' REPORT ON
MINNESOTA LEGAL COMPLIANCE**

To the City Council
City of Goodview, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodview, Minnesota (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2021.

The Minnesota Legal Compliance Audit Guide for Cities, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, contains seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing and miscellaneous provisions. Our audit included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Goodview's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor, and is not intended to be and should not be used by anyone other than those specified parties.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 23, 2021